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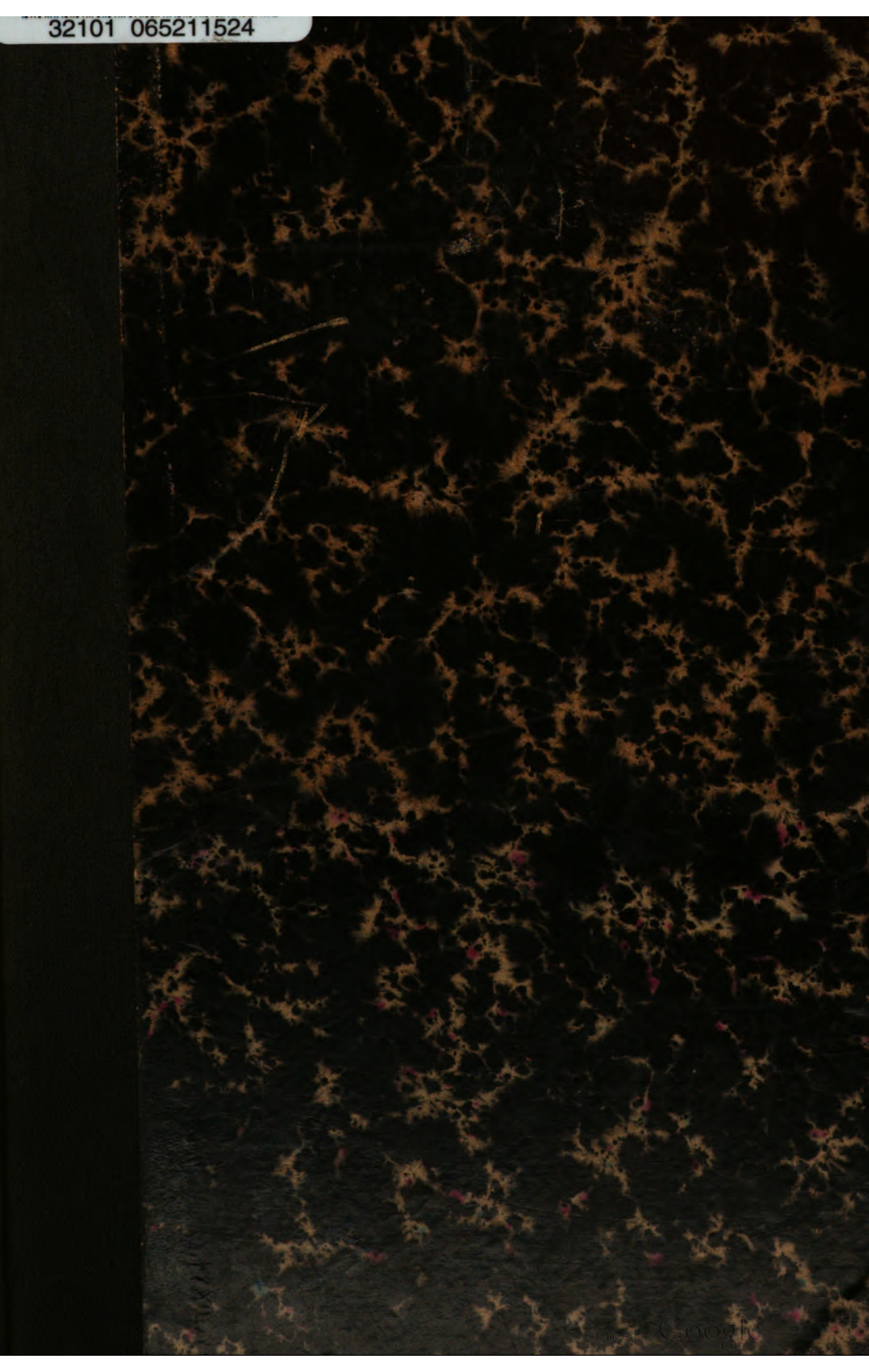
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SOCIAL ECONOMIST

GEORGE GUNTON, EDITOR

VOLUME IX

JULY TO DECEMBER

1895

NEW YORK
SOCIAL ECONOMIST PUBLISHING CO.
34 UNION SQUARE

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SOCIAL ECONOMIST

JULY, 1895

Lincoln on a Government Bank.

[In December, 1839, a debate was held in Springfield, Illinois, upon the question whether a Bank of the United States is a better means of keeping the public moneys and regulating the currency than the Sub-Treasury plan. The debators were Abraham Lincoln, Stephen A. Douglass, a Mr. Calhoun of Springfield, then locally famous as a lawyer, and Mr. Lamborn. The entire debate escaped the notice of every one of Lincoln's biographers. Mr. Lincoln's part in the debate was published in the winter following its delivery, probably by himself for circulation among his friends, in a closely printed pamphlet, one copy of which was given to Hon. Thomas J. Henderson, recently a member of Congress from Illinois. Mr. Henderson informs us that he kept it from 1840 until 1860, when he loaned it to Gov. Yates. In 1879, it was found in a trunk or chest full of the late Gov. Yates's papers, entitled as having been delivered by Abraham Lincoln on the occasion named. The knowledge of its existence being thus revived, it was reclaimed by Gen. Henderson, and is now in his possession. Gen. Henderson certifies that the copy from which we print extracts, "is a true and correct copy from the pamphlet edition of the speech in my possession." No part of the speech has been printed since 1840. The speech was made a few months before Gen. Wm. Henry Harrison was elected by an electoral vote of nineteen States against seven, over his adversary, Martin Van Buren. Mr. Van Buren represented all the popularity left remaining for the Andrew Jackson democracy, out of the boastful surplus by which Jackson had beaten Adams in 1828, and Clay in 1832. The country felt that that eminent fighter had taken the helm, twelve years earlier, at the climax of a period of remarkable and assured prosperity, and had sedulously and vigorously steered it into a maelstrom of industrial and financial bankruptcy; many thought the result to be more fatal to their interests than could have been the most disastrous foreign war, unless it were a war of absolute conquest and extinguishment.]

Jackson had struck the federal flag in pusillanimous terror at the threat of a single State, thus sanctioning the theory of the right of a State to annul a law of Congress and paving the way for the rebellion of 1861.

He had demolished, by destroying both the United States Bank and the Protective Tariff, the entire work of Hamilton's statesmanship. Of this work of Hamilton, Webster had said, "He struck the rock of public credit and refreshing streams burst forth; he touched the corpse of public prosperity and it sprang to its feet." Possibly the paraphrase, which might express the destructive work of Jackson, would be that he had found the public credit blossoming into manifold beauty like a garden and had burned it into a desert and solitude, as by the hot breath of Sahara; he had touched the bloom on the cheek of healthy affluence, and it had grown white and loathsome under the shriveling blight of leprosy.

No recantation of a popular blunder could be more emphatic than that by which the people had voted, in 1840, that everything that Jackson and Van Buren had done in finance had been a mistake.

Abraham Lincoln had not all the means of knowing the depth of this mistake which we have to-day. He has not until now been supposed to have given much more attention to questions of finance, than Jackson himself.

It remains to be seen how far this impression will be reversed by the perusal of this document. He could not be expected to have foreseen all the facts which, in the light of the intervening fifty-five years, could now be cited in demonstration of the truth and wisdom of the position he then took. His remarks, however, disclose a thoughtful study of the subject. He said:—

ED.]

"Of the Sub-Treasury, as contrasted with a National Bank, I lay down the following propositions, to wit:

First.—It will injuriously affect the community by its operation on the circulating medium.

Second.—It will be a more expensive fiscal agent.

Third.—It will be a less secure depository of the public money.

"To show the truth of the first proposition, let us take a short review of our condition under the operation of a national bank. It was the depository of the public revenues. Between the collection of those revenues and the disbursements of them by the Government, the bank was permitted to, and did actually loan them out to individuals, and hence the large amount of money annually collected for revenue purposes, which by any other plan would have been idle a great portion of time, was kept almost constantly in circulation. Any person who will reflect that money is only valuable while in circulation, will

readily perceive that any device which will keep the public revenues in constant circulation, instead of being locked up in idleness, is no inconsiderable advantage.

“By the Sub-Treasury, the revenue is to be collected, and kept in iron boxes until the Government wants it for disbursement; thus robbing the people of the use of it, while the Government does not itself need it, and while the money is performing no nobler office than that of rusting in iron boxes. The natural effect of this change of policy, everyone will see, is to *reduce* the quantity of money in circulation.

“But again, by the Sub-Treasury scheme, the revenue is to be collected in specie . . . Now mark what the effect of this must be. By all estimates ever made, there are but between \$60,000,000 and \$80,000,000 of specie in the United States. The expenditures of the Government for the year 1838, the last for which we have had the report, were \$40,000,000. Thus, it is seen, that if the whole revenue be collected in specie, it will take more than half of all the specie in the nation to do it. By this means, more than half of all the specie belonging to the 15,000,000 of souls who compose the whole population of the country, is thrown into the hands of the public office-holders, and other public creditors, composing in number, perhaps not more than 250,000, leaving the other 14,750,000 to get along as they best can with less than one-half of the specie of the country, and whatever rags and shimplasters they may be able to put and keep in circulation. By this means, every office-holder, and other public creditor may, and most likely will, set up shaver. And a most glorious harvest will the specie men have of it, each specie man, upon a fair division, having to his share, the fleecing of about fifty-nine rag men. In all candor, let me ask, was such a system for benefiting the few at the expense of the many, ever before devised? And was the sacred name of Democracy ever before made to endorse such an enormity against the rights of the people?

[The predictions which Mr. Lincoln here made had already been largely verified by the fact that when the Bank of the United States was withdrawn in 1836, its power having been taken away in 1834, there was no longer any agency at work to hold the State banks to coin redemption on their notes. The same statesmen who, in 1811, had permitted the charter of the First Bank of the United States to expire, because the profits on its stock had caused a large share of it to be bought up by British financiers, had, in 1816, themselves created the Second Bank of the United States, on the model of the First, but with \$35,000,000 of capital in place of \$10,000,000, and with five Government directors instead of none. The express purpose for which it was created was to restore sound money by providing an agency which would bring back the United States Treasury and all the banks of the country to specie payments. It had been discovered during the existence of the First Bank of the United States, that it possessed one virtue which Hamilton, in recommending it to Congress, had not foreseen or mentioned. It had power to make itself, by virtue of its larger capital and greater credit, the clearing-house and redemption counter of all the banks of the country which desired their notes to circulate at par. Through its branch-offices in every leading city, it had made the same arrangements for redeeming in gold and silver, at its counter, the notes of all other banks, as the instincts of banking and the interests of bankers make convenient and compulsory wherever there is one bank which has such a predominating credit over all the others as to make it chief. No legislation called for or suggested this. It sprang up itself as the natural outgrowth of banking interest and popular convenience.

During the five years of interim between the First and Second Bank, the State banks and the United States Treasury set wild-cat money to the amount of \$240,000,000, competing with Treasury notes to the amount of \$40,000,000. Gold had left the country or was hoarded, all the bank-notes outside of New England were at from 9 to 27 per cent. discount, the discount increasing as one went southward. The Treasury notes were twenty-five cents below par, and the Secretary of the Treasury "dickered" with every bank separately to induce it to take Treasury notes on deposit. Duties were payable in any and all this rag-money, and chiefly in that which was most depreciated. Ships bound for Boston sailed to Baltimore instead, in order to pay in depreciated notes, and so cheat the Government of a fourth of the duties. The Government lost control over the quality of its own revenue and was obliged to take its due in wild-cat rags no better than its own Treasury rags. To get out of this financial morass the "Republican" party, then engineered by Madison, Gallatin, Calhoun, Henry Clay, and Alex. M. Dallas, created the Second United States Bank on purpose to bring the whole country, including especially the United States Treasury and the wild-cat banks, to special

payments. It borrowed \$8,000,000 in coin in France to carry on the work and in its first two years nearly broke itself in the operation. By 1819, however, its work was fully accomplished and it entered on a career of excellent management and absolute success which continued until the Government it was created to help, and to which it had rendered unparalleled financial service, made war upon it and crushed it. On this point Mr. Lincoln said:—

ED.]

“As to the contractions and expansions of a national bank, I need only point to the period intervening between the time that the late bank got into successful operation and that at which the Government commenced war upon it, to show that during that period no such contractions or expansions took place. If, before or after that period, derangement occurred in the currency, it proves nothing. The bank could not be expected to regulate the currency either before it got into successful operation or after it was crippled and thrown into death convulsions by the removal of the deposits from it and other hostile measures of the Government against it. We do not pretend that a national bank can establish and maintain a sound and uniform state of currency in the country in spite of the national Government; but we do say that it has established and maintained such a currency, and can do so again, by the aid of that Government; and we further say that no duty is more imperative on that Government than the duty it owes the people, of furnishing them a sound and uniform currency.

“I now then leave the proposition as to the effect of the Sub-Treasury upon the currency of the country, and pass to that relative to the additional expense which must be incurred by it over that incurred by a national bank as a fiscal agent of the Government. By the late national bank we had the public revenue received, safely kept, transferred and disbursed, not only without expense, but we actually received of the bank \$75,000 annually for its privileges, while rendering us those services. By the Sub-Treasury, according to the estimate of the Secretary of the Treasury, who is the warm advocate of the system, and which estimate is the

lowest made by anyone, the same services are to cost \$60,000. Mr. Rives, who, to say the least, is equally talented and honest, estimates that these services, under the Sub-Treasury system, cannot cost less than \$600,000. For the sake of liberality, let us suppose that the estimates of the Secretary and Mr. Rives are the two extremes, and that their mean is about the true estimate, and we shall then find, that when to that sum is added the \$75,000 which the bank paid us, the difference between the two systems, in favor of the bank and against the Sub-Treasury, is \$405,000 a year. This sum, though small when compared to the many millions annually expended by the general government, is, when viewed by itself, very large; and much too large, when viewed in any light, to be thrown away once a year for nothing. It is sufficient to pay the pensions of more than 4000 revolutionary soldiers, or to purchase a forty-acre tract of Government land for each one of more than 8000 poor families. . . . I now come to the proposition, that it would be less secure than a national bank as a depository of the public money. The experience of the past, I think, proves the truth of this. And, here, inasmuch as I rely chiefly upon experience to establish it, let me ask, how is it that we know anything—that any event will occur, that any combination of circumstances will produce a certain result—except by the analogies of past experience? What has once happened will invariably happen again when the same circumstances which combined to produce it shall again combine in the same way. We all feel that we know that a blast of wind would extinguish the flame of the candle that stands by me. How do we know it? We have never seen this flame thus extinguished. We know it, because we have seen through all our lives that a blast of wind extinguishes the flame of a candle whenever it is thrown fully upon it. Again, we feel to know that we have to die. How? We have never died yet. We know it, because we know, or at least think we know, that of all the beings, just like our-

selves, who have been coming into the world for six thousand years, not one is now living who was here two hundred years ago.

“ I repeat, then, that we know nothing of what will happen in future, but by the analogy of experience, and that of the fair analogy of the past experience fully proves that the Sub-Treasury would be a less safe depository of the public money than a national bank. Examine it. By the Sub-Treasury scheme, the public money is to be kept, between the times of its collection and disbursement, by treasurers of the mint, custom-house officers, land officers and some new officers to be appointed in the same way that those first enumerated are. Has a year passed since the organization of the Government that numerous defalcations have not occurred among this class of officers? Look at Swartwout with his \$1,200,000, Price with his \$75,000, Harris with his \$109,000, Hawkins with his \$100,000, Linn with his \$55,000, together with some 2500 lesser lights. Place the public money again in these same hands, and will it not again go the same way? Most assuredly it will. But turn to the history of the national bank in this country, and we shall there see that those banks performed the fiscal operations of the Government through a period of forty years; received, safely kept, transferred, disbursed, an aggregate of nearly \$500,000,000; and that, in all that time, with all that money, not one dollar, nor one cent, did the Government lose by them. Place the public money again in a similar depository, and will it not again be safe?

“ But, conclusive as the experience of fifty years is, that individuals are unsafe depositories of the public money, and of forty years that national banks are safe depositories—we are not left to rely solely upon that experience for the truth of those propositions. If experience were silent upon the subject, conclusive reasons could be shown for the truth of them.

“ It is often urged that to say the public money will be

more secure in a national bank than in the hands of individuals, as proposed in the Sub-Treasury, is to say that bank directors and bank officers are more honest than sworn officers of the Government. Not so. We insist on no such thing. We say that public officers, selected with reference to their capacity and honesty (which, by the way, we deny is the practice in these days,) stand an equal chance, precisely, of being capable and honest with bank officers selected by the same rule. We further say, that with however much care selections may be made, there will be some unfaithful and dishonest in both classes. The experience of the whole world, in all bygone times, proves this true. The Saviour of the world chose twelve disciples, and even one of that small number, selected by superhuman wisdom, turned out a traitor and a devil. And, it may not be improper here to add, that Judas carried the bag—was the sub-treasurer of the Saviour and his disciples.

“We, then, do not say, nor need we say to maintain our proposition, that bank officers are more honest than Government officers, selected by the same rule. What we do say is, that the interest of the Sub-Treasurer is against his duty—while the interest of the bank is on the side of its duty. Take instances:—a Sub-Treasurer has in his hands \$100,000 of public money. His duty says: “You ought to pay this money over;” but his interest says: “You ought to run away with this sum, and be a nabob the balance of your life.” And who that knows anything of human nature doubts that, in many instances, interest will prevail over duty, and that the Sub-Treasurer will prefer opulent knavery in a foreign land to honest poverty at home? But how different is it with a bank. Beside the Government money deposited with it, it is doing business upon a large scale of its own. If it proves faithful to the Government it continues its business; if unfaithful, it forfeits its charter, breaks up its business, and thereby loses more than all it can make by seizing upon the Government funds in its possession. Its interest, therefore, is on the side of its duty—is to be faith-

ful to the Government, and consequently, even the dishonest among its managers have no temptation to be faithless to it. Even if robberies happen in the bank, the losses are borne by the bank and the Government loses nothing. It is for this reason, then, that we say a bank is the more secure. . . . I have now done with the three propositions that the Sub-Treasury would injuriously affect the currency, and would be more expensive and less secure as a depository of the public money than a national bank. How far I have succeeded in establishing their truth is for others to judge. . . . I now only ask the audience, when Mr. Calhoun shall answer me, to hold him to the questions. Permit him not to escape them. Require him either to show that the Sub-Treasury would not injuriously affect the currency, or that we should in some way receive an equivalent for that injurious effect. Require him either to show that the Sub-Treasury would not be more expensive as a fiscal agent than the bank, or that we should, in some way, be compensated for that additional expense. And particularly require him to show that the public money would be as secure in the Sub-Treasury as in a national bank, or that the additional insecurity would be overbalanced by some good result of the proposed change.

“No one of them, in my humble judgment, will be able to do so; and I venture the prediction, and ask that it may be especially noted, that he will not attempt to answer the proposition, that the Sub-Treasury would be more expensive than a national bank as a fiscal agent of the Government. . . . A majority of the Revolutionary patriarchs who ever acted officially upon the question, commencing with General Washington, and embracing General Jackson, the larger number of the signers of the Declaration, and of the framers of the Constitution, who were in the Congress of 1791, have decided upon their oaths that such a bank is constitutional. We have also shown that the votes of Congress have more often been in favor of than against its constitutionality. In addition to all this, we have shown that

the Supreme Court—that tribunal which the Constitution has itself established to decide Constitutional questions—has solemnly decided that such a bank is constitutional. Protesting that these authorities ought to settle the question, ought to be conclusive, I will not urge them further now. I now propose to take a view of the question which I have not known to be taken by anyone before. It is, that whatever objection ever has or ever can be made to the constitutionality of a bank, will apply with equal force in its whole length, breadth and propositions to the Sub-Treasury. Our opponents say there is no express authority in the Constitution to establish a bank, and therefore a bank is unconstitutional; but we with equal truth may say there is no express authority in the Constitution to establish a Sub-Treasury, and therefore a Sub-Treasury is unconstitutional. Who, then, has the advantage of this ‘express authority’ argument? Does it not cut equally both ways? Does it not wound them as deeply and as deadly as it does us?

“Our position is that both are constitutional. The Constitution enumerates expressly several powers which Congress may exercise, superadded to which is a general authority ‘to make all laws necessary and proper’ for carrying into effect all the powers vested by the Constitution in the Government of the United States. One of the express powers given Congress is ‘to lay and collect taxes, duties, imposts and excises; to pay the debts, and provide for the common defense and general welfare of the United States.’ Now, Congress is expressly authorized to make all laws necessary and proper for carrying this power into execution. To carry it into execution it is indispensably necessary to collect, safely keep, transfer and disburse a revenue. To do this a bank is ‘necessary and proper.’ But, say our opponents, to authorize the making of a bank the necessity must be so great that the power just recited would be nugatory without it; and that that necessity is expressly negatived without it, by the fact that they have got along ten whole years without such a bank. Immedi-

ately we turn on them and say that that sort of necessity for a Sub-Treasury does not exist, because we have got along forty whole years without one. And this time, it may be observed, that we are not merely equal with them in the argument, but we beat them forty to ten, or, which is the same thing, four to one."

Integrity of Economic Literature.

Public opinion, like public taste, appears periodically to run mad on special topics. The subject upon which popular madness is most pronounced at present is accumulated capital. The chief characteristic of the last half century's industrial development has been the concentration of productive processes, the aggregation of large capital, and consequently the appearance of millionaire capitalists.

Notwithstanding that these large fortunes are chiefly invested in productive enterprises, earning profit only when they are working for the public by cheapening wealth, the fact that the large concerns succeed, while small ones decline, has given rise to the tacit assumption that large capital necessarily implies business dishonesty and public disadvantage for private gain. There is a certain naturalness in this feeling, since those who fail are ever prone to ascribe their failures to somebody else rather than to themselves. It was this feeling that inspired the hand-loom weavers in the beginning of the century to organize mobs to smash the power-looms. The small manufacturers assumed the same injured attitude towards corporations. Small farmers have the same dislike to large farmers. And under the same notion, trade unionists have ever opposed new inventions.

This feeling has been made a basis of a general doctrine that profits are robbery, and hence that large capitalists are social robbers. The advocates of socialism, populism, single tax nationalism and free trade have all tried to make headway by appealing to and inflaming this

sentiment. Iconoclastic propaganda on these lines have been so successful that to attack millionaire capitalists is now something of a fad. Under the influence of this prejudice against capital, demagogic misrepresentation is easily palmed off for honest statement and interest in public welfare, undermining the integrity of economic literature.

The latest and worst specimen of this class of literature is "Wealth Against Commonwealth," by one Henry D. Lloyd of Chicago. This is a book of over five hundred pages purporting to expose the dishonest means by which large corporations have crushed honest business men and defrauded the public. The real aim of the book, however, is to traduce the Standard Oil Company. Mr. Lloyd makes great show of getting his facts from official reports of legislative investigations and court proceedings, to which he makes frequent reference in foot-notes. This gives the book a seeming authority, and the writer's frequent outbursts of patriotic sentiment lend to it a color of sincerity and public interest. This apparent genuineness is further enhanced by a very liberal use of quotation marks, together with the fact that the book bears the imprint of such a reputable house as Harper Bros. On the assumption that a respectable publisher and average literary integrity are proof against deliberate misrepresentation, several high-minded journals have given it high praise as an important contribution to economic literature.

As an instance of this, *The Outlook*, edited by the Rev. Dr. Lyman Abbott, who is pre-eminently zealous in the work of moral reform, though somewhat ragged on economics, introduces "Wealth Against Commonwealth" to its readers with the statement that it "is the most powerful book on economics that has appeared in this country since Henry George's 'Progress and Poverty.' The real greatness of Mr. Lloyd's work lies in its clear massing of evidence unearthed from the records of courts and official investigations, proving to the most

sceptical the enormity and persistency of the criminal operations by which the wealth of the Standard Oil Company has been amassed. It is the plain, straightforward recital of these facts which brings conviction and arouses indignation."

After a column of this kind of preface, Dr. Abbott says: "To indicate its character, it is better for us to summarize a chapter than to summarize the book. In reading, for example, the story of George Rice, we are more impressed with the meaning of rebates than when we are told the Pennsylvania Railroad paid in this way more than a million a year into the treasury of the Standard Oil Company"; and then he prints the greater part of one of Mr. Lloyd's three chapters devoted to Mr. Rice's experience in refining oil at Marietta, Ohio, and, as might be expected, concludes by declaring, "The remedy for the evils plainly lies, not in the public control of oil refineries, but in the public control of the public highways."

Dr. Abbott is perfectly right in regarding this blood-curdling chapter as typical of the whole book. It is indeed typical in its inflammatory style; its violent misrepresentation through garbled statements in quotation marks; and the utter suppression of evidence on the other side. We have taken the pains to go through the public documents referred to in this book, and it may be said that there is scarcely an honest quotation in it. Indeed, there seems to be as much downright dishonesty in the quotations from public documents and display of foot-notes as there is demagoguery in the high-wrought and indignant perorations. The dishonesty does not consist in misquotations but in partial and unfair quotations and in always quoting from the testimony of those against the Standard Oil Company to the utter suppression of all rebuttal.

It is just about as fair and honest as it would be for an author to write a book on the American tariff and take all his evidence from the speeches of the Democrats in the last (53d) Congress. He would get plenty of evidence against the

tariff, but it would be made up, for the most part, of reckless and unscrupulous statements—partly true and largely false, and always unreliable—inspired chiefly by party hatred, political ambition and personal interest. This is exactly the character of much of the evidence given before political investigating committees. The greater part of the testimony against the Standard Oil Company is given by persons who failed through being unable to compete with the Standard and were, in fact, in the form of complainants.

While the testimony from both sides was taken by the Commission, Mr. Lloyd quotes from the testimony of the complainant and never from that of the defendant, as if the statement of complainants were always the verified and undisputed truth in the case. Wherever in cases of litigation the decision of the Court is in favor of the Standard, he assumes without any evidence whatever that the verdict is due to a corrupt court purchased by the Standard Oil Company. There is throughout the book great vigor of statement, apparent earnestness of purpose and an intense, lurid, high-wrought style with an utter absence of the spirit of fairness and of literary and economic integrity. Between the lines and on the lines, the book bears all the marks of the special pleader who is more intent on winning his case than on telling the truth or promoting a public reform. A few instances will suffice to show the character of the book.

After devoting less than forty pages to other trusts, to give a pretense of general discussion of the subject, he begins his attack upon the Standard Oil Company by describing the character and organization of the "South Improvement Company." He says (p. 46):

"By this contract the railroads had agreed with this company of citizens as follows:

1. To double freight rates.
2. Not to charge them the increase.
3. To give them the increase collected from all competitors.

4 To make any other changes of rates necessary to guarantee their success in business.

5. To destroy their competitors by high freight rates.

6. To spy out the details of their competitors' business.

The increase in rates in some cases was to be more than double. These higher rates were to be ostensibly charged to all shippers, including the thirteen members of the South Improvement Company; but that fraternity only did not have to pay them yearly. All, or nearly all, the increase it paid was to be paid back again—a "rebate." The increase paid by everyone else—"on all transported by other parties"—was not paid back. It was to be kept, but not by the railroads. These were to hand that, too, over to the South Improvement Company.

This secret arrangement made the actual rate of the South Improvement Company much lower, sometimes half, sometimes less than half, what all others paid. The railroad officials were not to collect these enhanced freight rates from the unsuspecting subjects of his "contract" to turn them into the treasury of the railroads. They were to give them over to the gentlemen who called themselves "South Improvement Company." The "principle" was that the railroad was not to get the benefit of the additional charge it made to the people. No matter how high the railroads put the rates to the community, not the railroad but the improvement company was to get the gain. The railroads bound themselves to charge everyone else the highest nominal rates mentioned. "They shall not be less," was the stipulation. They might be more up to any point; but less they must not be.

The rate for carrying petroleum to Cleveland to be refined was to be advanced, for instance, to 80 cents a barrel. When paid by the South Improvement Company, 40 cents of the 80 were to be refunded to it; when paid by anyone else, the 40 cents were not merely not to be refunded, but to be paid over to his competitor, this aspiring self-improvement company. The charge on refined oil to Boston was increased to \$3.07; and, in the same way, the South Improvement Company was to get back a rebate of \$1.32 on every barrel it sent to Boston, and on every barrel anyone else sent. The South Improvement Company was to receive sums ranging from 40 cents to \$1.32, and averaging a dollar a barrel on all shipments, whether made by itself or others. This would give the company an income of a dollar a day on every one of the 18,000 barrels then being produced daily,

whether its member drilled for it, or piped it, or stored it, or refined it, or not."

Now, when Mr. Lloyd wrote this, and there is a whole chapter of twenty-two pages devoted to it, besides repeated references throughout the whole book, he knew that this so-called South Improvement Company was a myth—that it never had any real existence. He knew that it never produced, refined, bought, sold or transported a gallon of oil, nor did a dollar's worth of business of any kind whatever. In short, he knew that it was nothing more or less than a projected scheme which was never born. Consequently, all this effort to create the impression that it compelled railroads to double freight charges on all the competitors of the South Improvement Company, and pay to it the booty, which amounted to a tax on its competitors of \$18,000 a day for the permission to do business, is equal to outright misrepresentation.

It would be just as true to say that because a number of persons met in a hotel and agreed that they would raise the price of food so high that a million people would die of starvation, they actually caused the death of a million people, when neither the rise of price, the starvation, nor deaths occurred.

It is also assumed that the Standard Oil Company is responsible for all that the Improvement Company is alleged to have contemplated, whereas the evidence shows no connection between them further than that certain members of the Standard Company subscribed for stock in the Improvement Company, as likewise did many of the Standard Company's most bitter opponents, while other prominent members of the Standard Company were among those who procured the death of the South Improvement Company.

Throughout the entire five hundred pages constant reference is made to this South Improvement Company as if it actually had done all this statement says it intended to do. Such is the kind of economic history Mr. Lloyd is.

trying to make. The scandalous South Improvement Company story has already found its way into serious economic literature in England. In his "Evolution of Modern Capitalism," published in the Contemporary Science Series, Hobson reproduces this whole story, together with numerous other misstatements of fact gathered from similar sources, all of which are presented in the most serious manner as if they were verified data.

Were the evil influence of such misrepresentation limited to its original utterance, this might be a small affair; but when it is reproduced into permanent and otherwise reliable literature it is quoted as authoritative matter and thus becomes a means of polluting the stream of economic knowledge at its very source.

His next chapter entitled, "You are not to Refine," is devoted to working up to white heat the case of a ruined widow. It is narrated under such headings as "The Widow's Cause," "By the Agent's Conscience," "Judgment-Day Law," etc. This is a case, Mr. Lloyd tells us, of "one of the pioneer manufacturers of Cleveland. He was a prominent member of the First Presbyterian Church, was at one time President of the Young Men's Christian Association, and was active in all enterprises of a religious and benevolent character. He began refining petroleum in 1860, and continued in the business until his death in 1874. After his death his wife continued the business." She is reported as saying, "My husband went into debt just before his death for the first time in his life. For the interests of my fatherless children, as well as myself, I thought it my duty to continue the business. I took seventy-five thousand of the hundred thousand of stock and continued from that time, (1874 until November, 1878,) making handsome profits," which Mr. Lloyd says, "was about twenty-five thousand a year."

He then describes a plot on the part of the Standard Oil Company to ruin the widow, in comparison with which the methods of the Inquisition were mild and humane.

She finally sold her interest in the works and good-will for \$60,000, agreeing not to re-enter the business in competition, which is the usual custom when selling business good-will. She was evidently made to believe soon afterwards that she had sold for too little, whereupon she wrote a long letter to the president of the trust charging him with wronging her and warning him that he would have to account for this at the Judgment Day. It appears that \$60,000 was about three times what it would cost to construct new and better facilities than her factories furnished. The upshot of the whole business was that the trust offered to return her property if she would return the money, or offered to sell her one, two or three hundred shares of the stock at the price that had been paid her for it—all of which she declined.

Yet, in the face of the fact that she should have her property back—which is not usual in business transactions, if there is any profit in keeping it—or that she could have shares in the stock under the new management, where the business was expected to be more profitable, or actually receive for her property three times what it would cost to replace it, Mr. Lloyd devotes a whole chapter to a most heart-rending description of how this widow was robbed and wronged. In order to give a semblance of basis for his case, he says, "The cost of the work is not the standard of value in such transactions." Then, pray, what is? If a person is buying out a business, is there any economic reason why he should give more for an old concern than it will cost to make a new one just like it? To do so shows a business incapacity that leads directly to bankruptcy. He assumes, and even argues, that because at one time this woman's property yielded a profit of \$25,000 a year, its value should be estimated on an earning capacity of that amount. But, if that were true, why did she refuse to take it back? The fact is that the property had passed its large profit-making stage, and was rapidly being superseded by improved methods which would

soon reduce its value to that of old iron, which is commonly the case with factories of all kinds. She evidently knew this and preferred the money to the factory.

From all the facts given in this nameless widow's case, it is clearly making "much ado about nothing." The whole chapter is a frantic attempt to play upon sentiment by weaving a malicious and virtually lying threat through the whole statement with the obvious purpose of creating a false impression. There is nothing in the case to show that the woman was wronged, except the vicious inferences of the writer. On the contrary many of the facts tend to show that she was generously treated; that what she obtained for her plant was largely gain, since if she had not sold it, it would soon have become valueless through the superior methods employed by the new competing concerns.

Another instance of martyrdom to which Mr. Lloyd devotes a sixteen-page chapter with the suggestive title: "I Want to Make Oil" is the case of Mr. Van Syckel, an inventor. This story is a duplicate of hundreds, and perhaps, thousands of cases of inventors—except that few are told with such harrassing and wrath-inspiring force as is this one. It is a general characteristic of inventors that they are greatly lacking in executive ability or practical sense. While they originate the abstract idea, they very seldom complete the process. Before an invention can become usable, it generally has to be very much improved; indeed, it has practically to be evolved by an indefinite number of experiments and, not infrequently, after years of trial and an expenditure of thousands upon thousands of dollars, it just fails.

It would probably be a moderate estimate to say that hundreds, perhaps thousands, of such inventions fail for every one that is reduced to practical use. In every instance the inventor, even though he were paid a salary for several years, while developing his invention, believes that he was swindled out of a fortune-making discovery;

whereas, it is more frequently true that thousands of dollars have been wasted to give him an opportunity to develop a failure. Of course, this is the only way that inventions can be developed, but the fact remains that not one per cent. of inventions are a success.

A statement recently appeared in the public print to the effect that the Western Union Telegraph Company made a business of "gobbling up" through purchase, of course, all inventions in telegraphy, and that they then stowed them away or destroyed them for the purpose of preventing the inventors from realizing a fortune out of their discoveries and heading off successful competitors. One would think the obvious absurdity of such a statement would prevent its passing the blue pencil of any sane editor. Nothing but insanity could prompt such action. The Western Union could have no motive for suppressing or destroying an invention that had any economic merit. Indeed, it spends thousands of dollars every year to discover new devices which shall enable it to reduce the cost of doing its business, as do all large corporations and not a few individual concerns.

Now, Mr. Lloyd's story of Mr. Van Syckel is precisely of this kind. It recites what doubtless Mr. Van Syckel believed, *viz.*: that he discovered a continuous process of distilling oil—an improvement that would be a saving of from thirty to thirty-five per cent. of labor and cost in the process of distilling. According to Mr. Lloyd's story, the new process was demonstrated to be a complete success, and yet the Standard Oil Company, after having paid Van Syckel "\$125 a month while he was testing and improving the invention and \$75 a month afterwards, deliberately suppressed the invention; would neither use it nor permit anybody else to use it, nor pay Van Syckel for it." This is conduct which nobody but malicious idiots could be guilty of, and only an infatuated fanatic could expect intelligent people to believe such a tale.

If that invention had been a success, nothing would induce

the Standard Oil Company to refrain from using it. Whatever else may be said of the members of the Standard Oil Company, they were never suspected of throwing away the possibility of increased profits for a sentiment. They may have been heartless, but they never before were charged with being idiots. Nothing can be more conclusive proof of the fallacy of this story than the fact that no such process is in use anywhere in the world. The Standard Oil Company would doubtless give half a million dollars tomorrow for such an invention and yet, in order to make out that the Standard Oil Company exists chiefly for evil, Mr. Lloyd asks the public to believe that, solely to injure a poor old inventor, it is suppressing a discovery by which it could make millions. And the most surprising part of it all is that such a respectable house as Harper Bros. could be induced to publish such stuff as sane literature, and such men as the Rev. Lyman Abbott can swallow it all without a question as if it were rational and verified truth.

We now come to the "Rice" or "Marietta" case, which operated so effectually upon the heart-strings of the editor of *The Outlook*. Mr. Lloyd has laid himself out to make the reader's blood boil with indignation in this instance. He has given three whole chapters to it which bristle throughout with insinuating quotation marks, so used as to misrepresent by what they omit. In Mr. Lloyd's hands the "Rice" case is really a fine piece of revolution-creating literature. It is well calculated to incite the mob to a rich-killing or mansion-sacking crusade.

After describing Mr. Rice as coming from the "Green Mountains of Vermont" and "entering the oil business when he and it were young," and "building up a new industry and a new place," he devotes eight pages to showing how the plot to ruin him was worked, and says (page 206):

"The railroad over which he rode his tank-car doubled his freight to 35 cents a barrel, from 17. That was not all. The same railroad brought oil to the combination's Marietta refineries at 10 cents a barrel, while they charged

him 35. That was not all. The railroad paid over to the combination 25 cents out of every 35 cents he paid for freight. If he had done all the oil business at Marietta, and his rival had put out all its fires and let its works stand empty, it would still have made 25 cents a barrel on the whole output."

No one could read this without being inspired by the feeling it is intended to convey, *viz.*: that it was a high-handed outrage which would justify summary treatment, and when one learns from a most passionate portrayal, much of which is repeated several times, in different forms, that by this means an honest, enterprising man, whose success his daughters helped to secure by working in the business with him, was finally ruined and his family wrecked, it is difficult to suppress the impulse to inaugurate lynch law, but if we read the report of testimony taken by the Fiftieth Congress, in which the whole case is printed, we find that much more inflammation is imparted to it by Mr. Lloyd than by the facts. Briefly stated, the facts are these*:

Mr. Rice was an oil refiner in Marietta, the market for which was Cleveland, O. The oil was partly taken through pipe lines and partly by rail. The railroad agreed to charge for the entire distance, including pipe lines, 35 cents a barrel for shipment, 25 cents of which was to be paid to the owners of the pipe line for its portion of the service; the railroad to have 10 for its. Consequently, all oil shipped from Marietta to Cleveland was charged 35 cents a barrel, subject to the above divisions between the owners of the pipe line and the owners of the railroads. This applied to all shippers, one of whom was Mr. Rice. Now, the Standard Oil Company owned the pipe line, hence it paid only the 10 cents which belonged to the railroad for its portion of the service. There had been considerable friction between Mr. Rice and the Standard Oil Company, and he had laid a pipe line of his own, and therefore did not ship

* Testimony taken by the House of Representatives, 1888; pp. 274-5.

through the pipes of the Standard. This arrangement for 35 cents a barrel was originally made for all oil that came from Marietta, regardless of whether it used the Standard pipe line or not, so that Mr. Rice was charged the 35 cents a barrel, although he sent it to the railroad through his own pipe line. That is to say, he was charged 35 cents, though he used the railroad service only; the 25 cents for pipe line service went to the Standard just the same as if his oil had gone through their line.

This was an obvious hardship. Still it was of the same character as many other transportation arrangements such as the long and short haul principle whereby shippers for the shorter distance paid more for the same amount of freight than shippers for a longer distance, and there are conditions under which this is distinctly economic and justifiable. All the elevated, cable cars and electric railroads in New York and other large cities are run on the same principle. They charge as much to ride a block as to ride five miles. This seems to be something of an American idea. In London, for instance, the underground railroads, and the busses everywhere have different rates for different distances.

We do not cite this, however, to justify the treatment of Mr. Rice, but only to show that it was not an entirely new and novel method of making transportation charges. If this arrangement had been made permanent and had resulted in Mr. Rice's ruin it would go far to justify Mr. Lloyd's position, regardless of the fact that it was a practice commonly adopted in railroading. But the truth is that the arrangement was a temporary affair lasting only a very short time. It was made by an agent of the pipe line company, and when brought to the attention of the Company's counsel it was, under his advice, discontinued, and what is of still more importance the whole amount of this charge for pipe line service which Mr. Rice did not receive was less than \$250 and every penny of it was returned to him, so that Mr. Rice finally lost nothing by this so-called over-charge.

These facts are nowhere mentioned by Mr. Lloyd although he spreads the discussion of the case over three whole chapters. Everything he says regarding the matter is intended to convey the idea that Mr. Rice paid 35 cents a barrel while the Standard Oil Company only paid 10 cents and the extra 25 cents went into the pockets of the Standard Oil Company, and that this continued until Mr. Rice was ruined by the process.

Such a statement of the case is equivalent to positive misrepresentation, especially when accompanied by pages upon pages of inflammatory insinuations making it all the work of the mythical South Improvement Company.

We have no idea that the members of the Standard Oil Company, individually or collectively, are very much better or worse than other people. Their methods have been the methods of business men generally. Self-interest and not the golden rule has doubtless been their chief inspirer. Nor have we any desire to hold them up as models except to the extent that they have introduced improvements into productive processes and business methods. Nor are we in the least opposed to the full exposure of any economic mistakes they have made or social wrongs they may have committed. It is only by the exposure of the wrong that the right can be permanently established. But what we are particularly interested in is the integrity of economic literature.

We protest against the wholesale misrepresentations of industrial facts and the poisoning of economic motives merely to gratify the ravings of fanatical opposition to aggregated capital; and we specially protest against such wholesale libels passing for reliable economic information. It is more important to maintain the integrity of economic literature than to overthrow the biggest trust that ever existed.

Such books as "Wealth Against Commonwealth" are calculated to do more to invalidate history and corrupt the morals of public thought and action than could a hundred

trusts. If the channels of information are to be polluted with impunity by wholesale misrepresentation of industrial data, then the integrity of our economic information, the validity of our industrial history and social literature is destroyed.

A line, clear and sharp, should be drawn between the scientific economists who take pains to discover and clearly present generous, wholesome truth, and the sworn enemies of the welfare of man who look for slanders that shall feast the venom of the incendiary and the malice of the social thug. Truth actually proven and candidly sifted is always useful. No brave man fears it and no wise thinker doubts its utility. But the sources from which Mr. Lloyd's book was taken, presented to him, in every instance, the virus and the neutralizing antidote—the poison and its cure. They hung together in every flower, they had been jointly distilled into the fibre of every leaf. He could have come, like the bee, with the purpose of honest labor. He preferred to come like the spider or the centipede, and the result is poison—a product upon which every man stamps in self-defense if compelled to touch it at all. If he does not, he gets bitten by an insect that vends delirium from its sting, and forthwith he must dance or die.

A form of epidemic delirium comes from reading Lloyd's social slanders, without the opportunity to see those neglected nine-tenths of the story, which, when brought to bear upon the one-tenth that is told, convert it into a lie of atrocious baseness. The insanity consists in the delusion which such a book produces, that in the business world crime brings solid prosperity and honor relegates its possessor to failure and contempt. Whoever believes this believes that the principle of evil, *alias* the Prince of Darkness, is in control of economic law. This prepares the way for an epidemic of unreason—a reign of the socially insane, which would soon disintegrate industrial society, and lead not to more wealth, but only to more poverty, degradation and despotism.

Protection and Bimetallism.

By tradition and principle, the industrial and monetary policy of the United States is protection and bimetallism. It has varied its protective policy now to high and now to low duties but, never since the adoption of the Constitution, has it had Free Trade—*i. e.*, abolished protective duties. Nor has it, by legislation or otherwise, ever expressed itself in favor of monometallism. Its recognized and unvarying monetary policy, from the adoption of the Constitution, has been based on bimetallism.

That the United States is a protective and bimetallic country is generally recognized, but what constitutes Protection and what constitutes bimetallism has not always been very clearly understood. Protection is commonly discussed as if it were identical with paternalism, and bimetallism is now treated as synonymous with free silver.

Thus, in the debate in the United States Senate during the special session of 1893, Senators Wolcott, Teller, Jones, Dubois, Allen and other Free Silver men, made a great point of coupling free silver with Protection as if it were a logical part of the same national economic policy. They use free silver as synonymous with bimetallism and declared, with great emphasis, that unless free coinage were adopted, they saw no reason for hereafter supporting Protection.

This sentiment was again emphasized in various resolutions submitted to the recent national convention of Republican Leagues. Some of the resolutions were worded "Bimetallism and Protection"; others "Free Silver and Protection"; others "Free Coinage at 16 to 1 and Protection," etc. They all obviously rested on the assumption that bimetallism and free silver are identical, and that protection to silver necessarily involves free coinage. This shows how much education is still needed among Protectionists on protection and among bimetallists on bimetallism. Until the economic distinction between protection and paternalism, and between free coinage and bimetallism

is more definitely recognized, confusion and error will surround the public discussion of these subjects.

Protection, as we have often explained, is the use of the State to guard and secure the opportunity for the existence and development of whatever phases of industrial, social and political life are regarded as important to the national development of the Republic and its civilization. It is not confined to tariffs, but is applicable to any and all phases of our national life where development is in danger of being arrested by competition with inferior countries and civilizations. The lines of economic protection are definite and easily understood and applied, if we will only be true to the principle of protection as distinguished from paternalism.

The doctrine of Protection, as applied to industry is, that industrial diversification is advantageous to national development. Consequently, diversification of industries should be encouraged and promoted and wherever such diversification is endangered by foreign competition Protection should be instituted. The object of the Protectionists should be to secure the opportunity of competition on the basis of cost as governed by American wages and conditions in the American market. In other words, that foreign products should not be permitted to supplant American products in American markets by virtue of employing cheaper labor and securing a lower labor cost of production.

On this principle, the position of silver, in relation to Protection, is definite and clear. As an American product it is entitled to exactly that protection which will give it the American market.

If the product of American silver mines is being crowded from the American market by virtue of foreign silver produced at a lower labor cost, then American silver producers have a legitimate and economic right to demand adequate protection against such competition. In other words, they have a right to demand such protection as shall give them the opportunity to supply the American market,

with their product and if they can supply the entire American market, it should be theirs. That is to say, they should be fully protected against all foreign competitors. That is all protection can do for any product and it is all it can do for silver as a commodity. To ask that the Government shall buy the entire product of the silver mines, whether it needs it or not, is not Protection but pure and simple paternalism, of the most ancient unadulterated and Socialist type. The function of the Government is not to buy products but to secure to American producers the opportunity of supplying the American market.

We have said that this country is historically and confessedly bimetallic in its monetary policy. Bimetallism means the circulation of gold and silver as primary or redemption money. If bimetallism is desirable, then, like the diversification of industries, personal freedom or any other beneficial institution, it should be protected, if necessary. To protect bimetallism is not necessarily to adopt free coinage of silver or the free coinage of gold. It is to protect the circulation of the two metals at par with each other. Different metals will circulate at par on the same economic principle that commodities will sell at the same price—namely, on the basis of the cost of the dearest necessary part of the supply.

If an American commodity, which costs 25 per cent. more to produce it than the foreign, is needed in the general supply of the American market, then, as is well known, the price of both the domestic and the foreign product will be equal to the cost of supplying the American portion, and the foreigners or importers will get the difference between the foreign and domestic cost as profits. That is to say, the foreign producers will get the advantage of the American price, but if the foreign supply is equal to the whole demand of the American market, the American product will be driven out, because it will become unnecessary, and the price will fall to the cost of supplying the foreign product.

It is under just such conditions as these that Protection is needed if the American industry is to continue. In order to protect the opportunities of American producers to exist and compete in the American market, their product must be rendered necessary to the general supply which can only be assured by a restriction of the foreign supply.

Now, in the case of coins, the principle and operation is exactly the same. Bimetallism requires that the economic opportunity for the permanent circulation of both metals shall be secured. This involves the protection of the dearer metal from being driven out by the cheaper, whichever that happens to be. If at any time the difference in the value of the two metals is sufficiently great to afford a profit large enough to increase the supply of the cheaper metal so that it will furnish the whole demand for coin, then the dearer coin will necessarily disappear from circulation and bimetallism be superseded by monometallism on the basis of the cheaper metal. It may be gold or it may be silver. Time was when, at the legal ratio, gold was cheaper than silver and drove silver out of circulation. To-day the case is reversed and reversed with a greater difference in the value of the two metals than ever existed before in the world. Free coinage of silver to-day, with a profit of about 50 per cent. would necessarily do with gold exactly what free-trade would do with our wool, silk, tin, pottery and other American products, namely: make it absolutely unnecessary for monetary purposes and consequently drive it out of use.

The continuity of bimetallism as a national policy, therefore, demands that the dearer metal, gold, be protected against extermination, which can only be accomplished by restricting the amount of silver that shall be employed.

It will thus be seen that protection to silver as an industry is one thing; protection to bimetallism as a monetary policy is quite another. The one calls for the protection of American silver against the competition with for-

eign in the American market. The other calls for the protection of the dearer metal against being wholly supplanted by the cheaper in the American monetary circulation. Under present conditions, the gold being the dearer, and dearer by nearly 50 per cent., it is the metal whose existence needs protection in our monetary system in order to save us from being forced to monometallism.

Free silver and free trade are practically identical. Free trade would destroy American industries and give the American market over to foreign producers. Free silver would destroy bimetallism by giving the American monetary system over to silver.

The true American industrial policy is protection; the true protective policy is to prevent American industries from being driven out of the American market. The true American monetary policy is bimetallism; true bimetallism demands that the dearer metal shall be protected from expulsion by the cheaper. Therefore, if the free silver people insist upon free coinage of silver regardless of its monetary consequences, they are neither true bimetallists nor true protectionists. In the same way that unrestricted commerce must be subordinated to the development of American industries, so unrestricted coinage of any metal must be subordinated to the maintenance of a bimetallic circulation.

The War and Labor in Japan.

BY FUSATARO TAKANO.

The Peace Society may disdain our glory, England may be jealous of our success, but in the people of the United States we have true friends, and to them we have the honor to express, through the kindness of the Editor of the SOCIAL ECONOMIST, our fullest appreciation of their sympathy for our cause. It is, at the same time, a part of our duty toward the American public to acquaint them with what we expect to gain from the war.

As to its final result upon the cause of civilization in the Far East and upon our future industry and commerce, it is too well known to them to be repeated here. It is also within their surmise what will be the consequence of such industrial and commercial expansion upon the social condition of the Japanese people in general. But there is a still greater benefit to be derived in an unexpected quarter—unexpected because it is not only known to the general public in the United States, but to a large majority of our own people; we refer to the effect of the war upon the labor movement in our country.

There are hundreds and thousands of laborers in the field of the military operation at present. They are working under a great hardship, but at the same time the reward for their services is amply provided for, so much so that they are actually gaining three or four times their ordinary earnings during peace periods.

It is claimed with authority that during the past six months over three quarters of a million of dollars passed through the hands of the post-office department in the field. With this figure before us, it is easy to surmise what a large amount it will come to when the war is finally over.

We claim that this large sum of money in the hands of the laborers is the source of great good to the permanent condition of the working people and a consequent benefit upon the labor movement in the country.

It may be suggested that they should be encouraged to save what they have earned under these extraordinary circumstances. But being the product of extraordinary circumstances, it could not be saved. It is, in its own nature, bound to be spent recklessly. Whatever encouragement may be given to save it, will result in vain. Still, we need not despair, for such recklessness will greatly affect their mode of daily living, though temporary it may be. They will naturally have better houses, better food and better clothing. They will strive to have more comforts

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and more pleasures. In a word, they will have a taste of the heretofore forbidden fruits. We do not suppose that this enjoyment of a higher mode of living will continue for a long time, nor do we think it is strong enough to entirely change their present mode of life. Still, though short-lived and feeble in influence, it will plant at least in the minds of the laborers a seed of a new desire to be developed in future opportunity. When they finally return to their ordinary way of living they cannot help but look back to the better life they have enjoyed, and for the first time in their lives they will realize their pitiful condition. This realization will necessarily cause discontent for their condition, and the era of emancipation, if it is properly directed, will begin with this discontent.

Thus far we have spoken of the laborers who are in the field of war. Can the remaining body of the working people withstand the influence of the high living of some of their members? Can they stand outside of that strong influence of the social surrounding? Is it not uncommon among uneducated people to be easy victims of envy and jealousy? Here, then, is another effect of that powerful agent—the discontent will be seen and felt, bringing the whole labor population into its fold.

What discontent will do upon the condition of the people is well known to every student of the labor problem.

Every great factor in the labor movement, such as labor organizations, strikes, etc., owes its life to that agency. The great tailors' strike in New York City last September, which brought that deep-rooted and long-fought evil of the sweating system to its end, is another example of the power of discontent.

How far that agent will benefit the condition of the Japanese working people, will be seen in considering the present aspect of the labor movement in the country.

Whatever may have been said about the ethical beauty of the lower stratum of the Japanese people by our enthusiastic friends in foreign land, it is beyond dispute that their

material condition is most deplorable. To many thinkers in the land their conditions are the cause of much anxiety at this exalted moment. It looks as though it is almost an impossible work to improve their condition. In the *American Federationist* of the last October we have argued upon the non-existence of the labor movement in our country and attributed its cause to the prevailing ignorance among the working classes. Such being their mental, as well as material condition, there is nothing to suggest but to educate, to agitate and to organize them, a work that needs years of effort and is necessarily full of hardship. This tedious method must be followed, unless the unexpected happens. But, to the great joy of the friends of the working men, the unexpected has happened. We have been furnished, as a result of the war, a most powerful agent that will facilitate the work of emancipation to a point of easy accomplishment, full of hope and perfect in its final result.

There is, however, still another point to be gained for the cause of the labor movement in the country. To every patriotic citizen of the country, the burning question of the day is how to sustain forever what we have gained by our brilliant militarism. The sifting of this question to its proper end will bring them to a perfect understanding of the national importance of the solution of the labor problem. This understanding will greatly help to clear the way for the labor movement, and the onward march of the movement will be far easier than what it experienced in Europe.

Such will be the effect of the war upon the labor movement in Japan, and we, the friends of the working people, will start on our journey of emancipation full of vigor, hope and anticipation. Meanwhile, we hail the war as a great blessing to humanity, and rejoice, to the great discomfiture of England, in our grand success. Will the people of the United States join us in this grand jubilation?

TOKIO, JAPAN, March, 1895.

Historical Aspects of the Monetary Question.*

BY ALEX. DEL MAR.

Mr. Henry Dunning MacLeod's case against any proposal to return to the unrestricted coinage of full legal-tender silver pieces is, that several centuries of history, statesmanship, and philosophical authority are against it; that it is impracticable for government to maintain a fixed ratio of value between coins of the precious metals; and that, being impracticable, it is useless to discuss the advantages or policy of such a proposal.†. His historical evidences begin with Charlemagne, of whom he says that he established that system of coinage which was afterwards adopted throughout the whole of Western Europe; that is to say, "he made the pound weight of silver the standard, and divided it into 240 pieces, called pennies. For some centuries these silver pennies were the only coins in circulation." His instances of statesmanship begin with Sir Thomas Gresham, of whom he says that (being in Antwerp in 1552, to borrow money for the Crown of England) he declared that when good and bad money circulated at the like value, people would prefer the good and pass away the bad, so that the former would disappear from, and the latter remain in, the circulation. Mr. MacLeod's philosophical authorities consist of two mediæval tracts rescued from oblivion some thirty-odd years ago by Wolowski, of Paris, who took part in promoting the metallic contraction of 1867-73, of the claims of which to the approval of mankind, Mr. MacLeod is proud to be the champion. One of these mediæval tracts is by the good Bishop Oresme. It begins with Adam and Eve and the dispersion of the twelve tribes of Israel, cites the mythology of Ovid and Virgil, traces some connection between these latter flights of fancy and the coinage system of Charles the Wise, King of

* From *The Fortnightly Review* for April. By permission of the Leonard Scott Publishing Co., New York.

† "Bi-metallism," 2nd ed. 1894. Longmans.

France, 1364-80, and, according to Mr. MacLeod, educes the philosophical conclusion that the legal valuation between one coin and another should strictly conform to the "market value" of the metals of which they may be composed; otherwise the coins of one class will be undervalued, and will disappear from the circulation. It may as well be stated here that Oresme says nothing about "market value," and makes no such deduction as is claimed; moreover, that there was no "market value," other than the mint value, at the time that Oresme wrote, and for two centuries afterwards. However, this unwarrantable use of Oresme's tract is a small matter compared with what we shall presently have to say concerning Mr. MacLeod's argument. On account of the similarity of the supposed deduction of Oresme to that made by Gresham, Mr. MacLeod, who regards it as the great fundamental principle of coinage, gratefully proposes to call it the Oresme-Copernicus-Gresham law, and offers it as a complete objection to any present movement having for its object the rehabilitation of silver.

Had Mr. MacLeod, in his search for the fundamental principles of money, studied the coins in our great national collection, the circumstances of their discovery, the legal codes of Theodosius and Justinian, the rolls containing the accounts of the English Exchequer collated by Madox, the Papal registers edited by Bliss, and other evidences of an authentic character, instead of wasting his time in paraphrasing the lucubrations of the pious bishop of Lisieux he might have made a discovery more worthy of the admiration which his works on Credit have recently extorted from Lord Farrer. He might also have discovered that his conception of the Carlovingian coinage was totally erroneous and inadequate, and that this theory is contradicted, both by the coins, the texts of the period, and the civil law. With regard to the *£. s. d.* system, this, in fact, began with the earliest days of the Roman empire, and was carried into all its provinces, so that to-day it remains

will be found in the laws of Spain and Turkey, quite as distinctly as in those of France and England. The "standard," by which misapplied term Mr. MacLeod evidently means the monetary system, or measure of value, employed in the Carlovingian empire, was not prescribed by Charlemagne, as he supposes, nor by his successors; but by the Basileus, at Constantinople. It did not consist, as he imagines, solely of Carlovingian silver deniers, struck 240 to the pound weight of silver; it consisted largely of gold coins, variously called aurei, solidi, or besants, struck by the Basileus at Constantinople, of which, according to the civil law, five went to the libra of account. This gold libra of five solidi was valued at 240 denarii, containing twelve times its weight in silver; in other words, the system was what would be called, in the monetary jargon of to-day, a "bi-metallic standard." The gold coins were full legal-tender, having a forced, at all events an accepted, circulation, in all parts of the empire. The Basileus (in another capacity) also struck silver coins; so also did the proconsuls, subject-kings, nobles, ecclesiastical dignitaries, and even municipalities of the empire; but as these coins had only a local course, or legal-tender function, and as the taxes, tributes, fines, reliefs, aids, or other dues from the proconsuls to the Basileus were payable in imperial gold coins, or else in twelve times their weight in silver coins—purity for purity—it mattered but little to the fisc what variation took place in the weight or fineness of the latter. There are not known to have been any legal limits to the coinage of gold by the Basileus, or to that of silver by the princes, proconsuls, and nobles. This system, a system which Mr. MacLeod and his admirer, Lord Farrer, have declared to be unknown to history, and commercially or financially impracticable, I say that this "bi-metallic" system of money, at the ratio of twelve silver for one gold, lasted, within the Roman pale, without any variation of the ratio, except on the frontiers of the empire, from B. C. 48 to A. D. 1204, a period of nearly thirteen centuries; and

this, too, while the ratio in the coinages of India, Persia, Arabia, Moslem Spain, the English Heptarchy, Friesland, Saxony, and Esthonia, were based upon entirely different principles, and widely different ratios of value between the same precious metals.

Nor need Mr. McLeod's monetary researches have stopped at this point; he might have carried them much further and made discoveries that would have earned him the gratitude, not merely of Lord Farrer, but of all students of history. He might have recalled the fact, familiar to all ages and all governments, that the right of coinage, especially the right to coin gold, was regarded as the most essential and significant mark and proclamation of independent sovereignty; more essential than wearing a crown on the head, more significant than holding a sceptre in the hand. Tigranes, Tiriadates, Herod, Agrippa, Deiotaurus, Amyntas, and a host of other kings of antiquity, wore both crowns and sceptres, but they were not independent sovereigns; they did not strike gold coins. When, during the decline of the Empire, a Gothic king, who exercised the proconsular authority of Rome, rashly struck a gold coin, he was promptly checked by Justinian, who reminded him that he had dared what the great King of Persia would not have presumed to do. Ten centuries later, when the Portuguese reached India by sea, they found there the same significance attached to the prerogative of coinage. Says Duarte Barbosa, "There are many other lords in Malabar who wish to call themselves kings, but they are not so, because they are unable to coin money." From the moment that Pepin brought the truant provinces of the West again within the pale of Rome, until Constantinople, and with it the Empire, fell in 1204, no Christian prince, except the Basileus, ventured to strike a gold coin. Yet compared with silver and copper coins, gold ones were as commonly in circulation then as they are now. In all the transactions and accounts of the Middle Ages the gold solidus or besant appears as frequently as does the gold sovereign to-day. The

finer, escheats, and benevolences of royalty, the Roman exaction of Peter's pence, the Byzantine imperial price-lists of proconsular and other dignities are all couched in besants, or in libras of five besants each. Not only was this sort of gold coin in circulation: the Arabian gold dinar, as shown by the finds of recent years, was the principal coin employed in the trade of the Baltic; it was even struck in England by one of the then Pagan princes of Mercia; the Moorish maravedi was current at two-thirds of a besant, or seven and a half to the libra, in almost every state of the West. The Rhine, Gironne, Minho, Tagus, Guadalquivir, Rhone, and other auriferous rivers of the Continent, were successfully washed for gold; and both alluvial and quartz gold mines were worked in every country of Europe from Pannonia to Wales. For the diminished population and shrunk-en or extinguished industries of the Empire, the supplies of gold during the Middle Ages were ample. Although they all used gold coins, why is it that for 500 years, that is to say, from Pepin to Frederick II., none of the Christian princes, except the Basileus, ever struck such coins? France, at one time, had fifty-odd Christian princes, each with a crown, a sceptre, a palace, a court, a royal pedigree, and a train of vassal knights, squires and serfs; yet not one of them struck a gold coin. England had at one time seven or eight Christian princes, some of whom announced themselves on their silver coins as Bretwealdas, others as sole kings of Britain, and one of them as of still loftier pretensions; yet none of them struck gold coins. Germany rejoiced in Christian princes by the score; aye, and in emperors, too, some of them most puissant and redoubtable princes, as Pepin, who succoured the Pope; Charlemagne, who governed the Pope; Louis, who obeyed the Pope; Henry, who defied, and then did homage to the Pope; and Frederick Babarossa, who fought the Pope; yet none of them struck a gold coin. Finally, there were the Popes themselves, who assumed to be kings of kings, and who, as Mr. Bliss has shown, really governed the princes of Europe

with the authority of a suzerain; yet, until after the fall of Constantinople, none of them ever struck gold coins. It certainly seems odd that in his search for the fundamental principles of money Mr. McLeod should have voyaged vacantly through this strange history, and amid these startling solecisms of coinage, only to anchor his conclusions in the pious deductions of the good, but simple, Oresme.

If he had observed that in the materials of history furnished to the modern world by the scribes of Rome, something had evidently got lost, for example, the Treaty of Seltz, between Charlemagne and Nicephorus, defining the boundaries, powers, and prerogatives reserved by the Basileus, or conceded to the Western Emperor; if he had noticed that from the chessboard of European politics, one of the real kings of kings had dropped out of sight; if he had remarked that, until it was destroyed, the Byzantine empire was the pivot upon which turned the entire history of Europe, he might have been challenged by Mr. Bryce, but he would have at least offered some reasonable explanation of the strange neglect or renunciation of the coinage of gold by the Western princes of Christendom. But, filled with the vast ambition of uniting the names of Oresme, Copernicus, and Gresham as sponsors of a feeble generalization—which applies no more to money than it does to cabbages, and sheds no light whatever on monetary questions—Mr. McLeod saw nothing of the great problem of history to which we have adverted, and has offered us no solution of it.

Neither has he perceived that immediately after the fall of the Byzantine Empire all the princes of Europe at once hastened to strike gold coins. Here is a list of the principal ones:—

EARLIEST GOLD COINAGES OF THE WESTERN CHRISTIAN PRINCES.

Year.	Place.	Remarks.
1225	Naples	Augustals of Frederick II., 82 English grs. fine.
1250	France	Agnels or Dinars of Louis IX., 63½ grs.
1252	Florence	Florins or Ducats, 56 grs. fine.

Year.	Place.	Remarks.
1257	England	Pennies or Maravedis of Henry III., 43 grs. fine.
1263	Leon	Ducats of Alfonso, 54½ grs. fine.
1276	Venice	Sequins or Ducats, 55½ grs. fine.
1300	Bohemia	Ducats of Venceslas II. (Bohemia and Poland), 54½ grs.
1316	Avignon	Sequins of Pope John XXII., 54½ grs. fine.

It is not true, as Mr. M. insinuates, that until the twelfth century, when, as he says, the French kings began to issue gold coins, there reigned a monetary calm because there was no question of a second metal to disturb it; nor is it true that France endeavored to maintain "bimetallism" from 1113 to 1874. The French kings issued no gold coins until the fall of Constantinople, not, indeed, until the reign of Louis IX. But although they issued no gold coins with their own stamp, they permitted the circulation of gold coins with the stamp of the Basileus, and, in point of fact, the circulation was equally filled with Byzantine gold coins and French silver coins. The monetary calm which existed was, therefore, not due to the absence of a second metal. On the contrary, it was due to its presence; it was due to the "bimetallic" system established by Cæsar, and maintained by Augustus, Constantine, Justinian, and the other sovereign-pontiffs of Rome down to 1204. In short, from the origin to the downfall of the Roman Empire, there was, so far as the ratio is concerned, but one law and one system of coinage.

After the fall of the empire, and until the period of the Dutch Revolution, the monetary systems of Europe (for now there were many systems) fell into the greatest disorder. Every prince of Christendom hastened to strike gold and silver, and many of them tin, copper and lead coins; some even issued leather notes. These they valued at will; and with little respect to their value in other states. They degraded and debased the coins; they sometimes issued them surreptitiously; they altered their legal function; they changed the ratio between the precious metals; they bought with one weight and sold with another; they exacted monetagium, seigniorage and brassage; they levied

finer of a half, a third, a fifth, on all discoveries of the precious metals; they taxed quicksilver, which is indispensable to the prosecution of gold and silver metallurgy; they controlled the imports and exports of the precious metals; they restricted their employment in the arts; in short, they resorted to every known device to extort profit from the great materials of coinage. The tracts of Oresme and Copernicus were attempts to remedy some of these abuses. So also were the monetary tracts of Francisco Aretio, John Aquila, Albert Brunus, John Bodinus, Franciscus Curtius, Nicolaus Everardus, Henning Goden, Martin Garrati, Henry Hornmann, Elbertus Leoninus, Baron Malestroiet, Jacob Menochius, Charles Molinaeus, Bilibald Pirckheymer, John Raynaud, Antonio Rubaeus, Ludovicus Romanus, Marianus and Bartholomeus Socinus, Diaz Covarruvias, John Caephalus, and many others, which neither Messrs. Wolowski nor MacLeod appear to have seen, and which contain somewhat the same sort of material that is to be found in Oresme and Copernicus—namely, local arguments against the policy of corrupting the coinage for the profit of the prince—a subject which has no longer any interest except to the numismatist and historian. These are the sources to which Mr. MacLeod resorts for monetary principles, which he declares to be immutable, and would apply to present circumstances. In point of fact, they are long since dead, and have no relation whatever to present circumstances. The monetary system of Charles the Wise, which Oresme discussed, the system of Sigismund the Great and the Prussian coinage which Copernicus discussed, the system of Edward VI., to which Gresham alluded, and the various systems which were discussed by the numerous other writers cited above, all had this in common: they belonged to a period when there was no single control of the monetary system, when there was no individual or free coinage to restrain the princes of Europe from tampering with money, and when such tamperings were the readiest resource of a needy finance.

The question as to whether the combined governmental power of Europe could or could not maintain a fixed parity between coins of the precious metals, was never before these writers. What they discussed were the coinage laws of their day—that is to say, the confused and warring coinages of the Renaissance, after the Roman regulation of money was broken down, and before the responsible classes removed the coinage from the control of princes who continually abused that essential prerogative of government.

The existing coinage laws, those in whose reform the present generation is interested, are of a totally different character. These arose out of the Dutch Revolution of 1572, and the institution of individual or (so-called) free coinage, which was never heard of before, and was enacted then for the first time in Europe. Before anyone is in a position to offer any useful observations to the world on the subject of monetary systems, or to claim that he has discovered the great fundamental, or any other principle of coinage, it is obviously necessary that he should have some knowledge of these circumstances.

In 1524 Charles V., Emperor of Germany, who perhaps hoped to maintain the same control over the monetary systems of the empire that the defunct Basileus (by monopolizing the coinage of gold) had formerly exercised, Charles V. issued an edict from Esslingen, by which he raised his gold coins from 10 (a frontier ratio) to 11 3-8 times the value of silver coins containing the same quantity of fine metal. In 1546 he again raised the value of his gold coins, this time to 13 1-3 times their weight in silver. To exemplify the unjust and mischievous character of these monetary ordinances, they reduced the silver ducation to two-thirds of its former value by substituting for its equivalent a debased ducat, first of 37 and afterwards of 35 grains fine, in place of the old one of 54 grains fine. Such a violent and sudden alteration in the value of money amongst a commercial people produced the widest distress and com-

motion. However, the prestige of the Empire was still very great, and it was not until the abdication of Charles and the accession of Philip the Bigot, that the smothered discontent of the Hollanders, which, though piously capped with religion, had a large substratum of money and trade for its base, broke forth. The Confederation of Beggars was formed in 1566, the Revolution was proclaimed in 1572, pasteboard money was issued in 1574, and individual or free coinage was definitely established as the policy of the Republic. In 1666 (18 Chas. II, c. 5) this institution was adopted by England. In France it followed close upon the heels of the Fronde. Before the close of the seventeenth century it was adopted by other important states. Free coinage entirely changed the monetary systems of the Western world. Not only this; by freely admitting metal to coinage and interposing no efficient obstacles to the melting of coins into metal, it confused the subject of money, which is essentially a legal institution, with that of metals, which belongs essentially to mining and the mechanical and chemical arts. During the ascendancy of the Roman power the whole volume of money, through his control of the coinage of gold and the maintenance of a fixed ratio, was regulated by the Basileus; during the Renaissance there was no single control; and the volume of money was continually disturbed by the arbitrary acts of a hundred jealous and warring princes. Since the Dutch Revolution, and especially since the English law of 1666, the control has been left to the chance of mining discoveries, the demands for the arts, and the vagaries of doctrinaires who, like Locke and Harris, at one period sang the praises of silver, and like Liverpool and De Parieu, at others chanted those of gold.

The real question of to-day is not whether gold or silver is a better material out of which to make coins, but whether the entire volume of metallic money in the western world shall continue to be diminished by maintaining the demonetization of silver. That this demonetization

was brought about by the fear that to continue the free coinage of silver would endanger the stability of the measure of value, there cannot be the slightest doubt. But what has been the result? Prices were never so unstable before; speculation is extinguished; commerce, manufactures, agriculture, every branch of industry is prostrated; and the men whose ignorant advice has brought these disasters upon Christendom are seeking to extenuate their colossal crime by explaining that all these results are due to the bounty of nature—to what, in their misleading terminology, they are pleased to call over-production. The classes who were expected to gain mostly by this revolution of money, have, in fact, been the chief losers. Bank after bank, company after company, security after security has failed, and gone into the hands of liquidators and receivers; and nobody yet sees the end.

The First Trade-Union Incorporated.

Twenty-five years have passed since Governor William Claflin approved the act to incorporate the Massachusetts Grand Lodge of the Knights of St. Crispin,* a voluntary association which had been denied incorporation by the legislature of the preceding year. Although the purpose of this act, as set forth in the first section thereof, was merely that of “managing and administering the funds belonging to said association,” the practical effect of it was to legalize in Massachusetts the trade-union which this Grand Lodge represented.

This act of the Massachusetts Legislature antedated by more than a year the passage, by the British Parliament, of the famous act to annul the law relating to trades-unions,† prepared by Mr. Frederic Harrison several years

* Chapter 281 of Acts and Resolves of 1870. The date of the Crispin Charter was May 26, 1870.

† Chapter 31 of 34 and 35 Victoria, June 29, 1871.

before; and no disposition has ever been evinced by Parliament to invest any trade-union with corporate power. A minority of the last Royal Commission on Labor and Labor Unions did, indeed, recommend the incorporating of trades-unions; but the recommendation was received without enthusiasm.

Although the British trade-union act leaves many things to be desired, its passage marks an epoch in the progress of labor. The two following sections completely eviscerated the old criminal law relating to trades-unions:

"Section 1. The purposes of any trade-union shall not, by reason merely that they are in restraint of trade, be deemed to be unlawful so as to render any member of such trade-union liable to prosecution for conspiracy or otherwise."

"Section 2. The purposes of any trade-union shall not, by reason merely that they are in restraint of trade, be deemed to be unlawful so as to render void or voidable any agreement or trust."

In the case of *Snow v. Wheeler*, 113 Mass. 179, the Supreme Judicial Court, in 1873, said:—"In the relations existing between labor and capital, the attempt by coöperation on the one side to increase wages by diminishing competition, or on the other to increase the profits of capital, is, within certain limits, lawful and proper. It ceases to be so when unlawful coercion is employed to control the freedom of the individual in disposing of his labor or capital."

The present writer argued the case for the plaintiffs, and the late P. Emery Aldrich for the defendants.

The opinion of the court in this case, written by Judge Colt, now no more, is a very able one. The points decided are:—"It is not illegal for workmen to form and act as an association for the purpose of protecting themselves against the encroachments of their employers, and to agree, in furtherance of such object, not to teach their trade unless by consent of the society. An association of workmen, formed

for a lawful purpose, can maintain an action for the recovery of money belonging to them, although in attempting to carry out such purpose they have been guilty of illegal acts."

This decision established the right of a trade-union to sue in a court of equity, to enforce its civil rights against its own members, as well as against strangers. But by the Trade-union Act of 1871 Parliament went further than this, for it provided that the withholding of the money of a trade-union by any member should be punished as a crime. No such law was passed in Massachusetts until 1886.

As counsel for the Knights of St. Crispin, the present writer presented to a joint special committee of the Massachusetts legislature the reasons why that body and all other trades-unions should be incorporated. The late P. Emery Aldrich, afterwards a judge of the Superior Court, appeared in opposition to the charter, and the contest was prolonged for two years. Direful consequences were confidently predicted as certain to follow the passage of the bill. But in the twenty-five years that have since rolled by, not one of these consequences has followed. The Pope, the Kaiser, cardinals, kings, leaders in all the churches and parties, have since declared for the right of association for trades-unions; and no one now denies that right.

The power which labor-unions have acquired is gigantic. There is an old proverb which says, it is well to have a giant's power, but it is not well to use it as a giant. A calm review of the strikes of the labor-unions would probably show that where they have been founded in justice they have generally been successful in the end, and that where they have not been so founded, they have signally failed. As in other forms of human activity, every movement of labor is in the nature of an experiment. In many instances they have accomplished beneficent results; not, however, by the mere force of their numbers, but by the fact that the force of their numbers has been directed toward just ends. The struggle for the right of combina-

tion, of which the winning of the Crispin Charter was an important incident, was but one act in the great drama of the history of labor.

CHARLES COWLEY.

The New Protection Party in England.*

BY ANDREW REID.

It will be a startling and impressive entrance of the New Party, which, we are told by Mr. Morley, may supersede the Liberal Party, if it should make its first appearance with the scythe in hand to mow down the hoary glory of that party—Free Trade.

The fact is, that Free Trade was advanced and carried under false pretenses. It was presented as the cause of the laborer to give him a cheap loaf. The real object was a cheap hand for the mills. The laborer was brought in, as he has often been brought in, to make a popular show. No doubt Cobden was inspired with the national motive, but with the manufacturers it was *£ s. d.*, which arrayed them against the corn laws.

Now that the show is over, and they have undressed, what do you find? They are naked Protectionists! Free Trade was to them exactly what protection was to the landlords. It was the best line of defense of their own class interests. The Radical leader who posed in the name of the people and the working-classes, and roared for Free Trade behind the big loaf (which was carried on a pole in the processions of the Anti-Corn Law League), now whines behind the little loaf, that such is foreign competition, he must either reduce wages or shut up his mills. This great movement, which was started on the pretense, and is maintained to this hour on the pretense, that Free Trade would constitute the bulwark of the British people, has left in its wake colossal mischief and

*From *The Fortnightly Review* for June, by permission of Leonard Scott & Co., New York.

weakness. It has depopulated our fields, it has swarmed the people in slums, it has wasted our island, it is used to coerce the laborers; and now, in Africa, with red hands it plants its last standard—"Trade follows the flag."

Villiers, Cobden, Bright, and the Anti-Corn Law League made a stupendous blunder. They at least could not plead that the population of Great Britain was, at the time of their agitation, too large for the soil, and that foreign supplies were a necessity. They could have dealt with the corn laws by another plan than Free Trade. If they had led a movement to repeal the land laws, to fix rent, to nationalize the soil, and to develop the resources of the United Kingdom, we should have seen to-day, Ireland with sixteen instead of four millions of population, and Great Britain a rich agricultural, as well as industrial, country.

There is a gigantic misapprehension of the economic and social value of an import and export system. The most immortal part of Great Britain was brought into the world in her agricultural period. Her Shakespeare, her universities, her architecture, her church, her constitution, her empire, were all planted in her purely rural age. It is true that it is said that Henry VII. founded our commerce. That is a mere figure of speech. He founded, possibly, our navy. And that is also a mere phrase.

There was built in his reign "the first two-decker." It happened that during that reign Columbus "discovered" the Bahama Islands; Sebastian Cabot, Newfoundland; Vasco de Gama opened up the sea route to India by the Cape of Good Hope; and Amerigo Vespucci, a Florentine navigator, landed on the mainland of South America, and gave his name to the continent—America.* At the end of

[* This historical error lives on after its refutation by ample proofs. The district discovered by Vespucci had been called Maricaibo, as at present, and comprehensively Amarica prior to Vespucci's landing. A local native name was extended over the continent. Its derivation from Emerigo is spurious if not invented.—ED. SOC. ECON.]

the century, it is estimated that four-fifths of the laboring class were employed in agriculture. Liverpool had no more than 200 seamen. Leeds had a population of 7,000, and Manchester 6,000. Norwich was the manufacturing, and Bristol the second seaport, capital of England.

England became a great naval power in the time of Elizabeth, but though Raleigh brought over the tobacco plant and Drake the potato, no historian tells us of any significant industrial foreign trade. The Raleigh and Drake imports were scientific, not commercial imports. And that most romantic of all ships—more immortal than the *Victory*—which dropped anchor in Cape Cod Bay in November, 1620, and which carried on board probably the greatest export which ever went out of any country—the future United States of America—though her cargo was from Nottingham and she sailed from Holland—the *Mayflower*—was driven over the seas less by trade winds than by persecution.

The cause of overland and sea transport is the distance between the producing spot and the consuming spot. It would seem, therefore, that the problem of a scientific system of movables is to determine how these two spots can be made most economically one. The present chaotic trade system is concerned in making these spots as distinct and distant as possible. Let me give an interesting illustration of two classes of imports. Drake brought over the potato plant, and this year in the United Kingdom there are more than 1,000,000 acres under the roots of this plant. Here we have an example where the producing and consuming areas are brought together by the transport of the seed plant to this country. Raleigh introduced the tobacco plant into Ireland. Somehow it has not thrived here.* Raleigh, however, successfully imported *the taste* for tobacco and snuff amongst us. What, therefore, happened was this—the evolution

[* Its cultivation anywhere in the United Kingdom has been prohibited by heavy penalties in order that its domestic production might not interfere with the collection of a revenue on its importation.—ED. SOC. ECON.]

of a new import. The taste for smoking got fixed here, but the tobacco plant remains to this day rooted in foreign soil, and ships bring annually from America, Turkey, and other foreign countries, 85,000,000 pounds weight of tobacco.

No wise men would scientifically arrange the world so that its producing plants should be artificially at one corner of the globe and its population at another. Where plants, such as cotton, tea, rice, tobacco, are natural fixtures at one end of the earth, and the consumers historical fixtures at the other, it may take a slow evolution to bring about a situation where they shall live together. It is possible that* tea, cotton, and tobacco may never thrive in England. What will take place all over the world is this: Plants will be more and more distributed. A great struggle will be made, at some early future, to cultivate here the plants whose produce we now annually import at enormous cost. And there will be working a law of tendency which will, subject to this struggle, confine the British people, and every other people, very closely to the produce of their own plants on their own soil.

What about minerals? Well, though it was the discovery of the coal beds in the seventeenth century which gave rise to our manufacturing towns, it is almost certain that in the future, not only will minerals be discovered, and mines opened, in all parts of the world, but that water power with electricity will vastly affect the use of coal.

We are at present doing the cowardly, and greedy, and unpatriotic act of shipping and selling our island to foreign peoples. For example, in 1893, 29,000,000 tons of coal were emptied out of our mines as exports. There

*The Director of Kew Gardens writes to me: "1. Cotton culture is impossible in England. 2. Tea, ditto." I made the inquiry in order to have from the best authority some evidence as to any experiments with these plants in English soil. No. 3, in his communication, is important—"3. The problem of flax culture is now under the consideration of the Board of Agriculture, which you might consult."

were some 39,000,000 tale of slates, 34,437 tons of grindstones, millstones, and "other sorts of stones," 274,356 tons of clay, 9,000,000 cwt. of cement, and 3,000,000 tons of iron—not to mention smaller shipments—taken away from the fabric of the island in 1893.

Instead of putting a duty on imports, there should be put a duty on exports—a heavy one—where they are minerals or earths. Indeed, these exports should be now prohibited altogether. What would the miners say to this? They will agree with the proposal when they have seen what the New Party is going to give them as an alternative source of employment. Of iron ore there was imported in 1893, 4,000,000 tons. As the total export of iron and steel in manufactures was nearly 3,000,000 tons, there was in iron a loss of only 1,000,000 tons.

We ship annually millions of tons of our island to other countries. What earths or materials do we put back? In 1880, the import of guano was estimated at 80,497 tons, but in 1893 it had fallen to 18,311 tons. In 1880 we *exported* manure, valued at £1,128,524, and this shipment of manure in 1890 had increased to £2,309,421. The export of coal, which was 4,000,000 in 1854, was 30,453,973 tons in 1892. There are two ways to look at this enormous export, both of which appear to end in gigantic misfortune. Should future discovery produce a substitute for coal, what shall we export in its place? Should this stupendous scooping out of our island go on, whatever will be left of either coal or solid surface?

Every square inch of our two islands—not reckoning for the moment the Island of Man and the Channel Islands—is precious to us, economically, geographically, scientifically, as well as historically. Its natural scenery is to us beyond price. A few landlords may claim the islands as theirs, they may put a price upon each acre, but to the future and the present British peoples these islands are outside any exchangeable value. We have only given the export side of the question. In 1891 there were 185,479,-

126 million tons of coal emptied out of the bowels of our islands. Though the output has dropped a little since then, there has been an alarming increase from year to year up to that date. Indeed, since 1865—thirty years ago—the increase has nearly doubled. The production of pig iron in 1803 was 6,676,990 tons. It is remarkable that the production of all other minerals but coal, with two small exceptions, appears to be on the decline. Coal is not directly affected at present by foreign competition, but metals are.

Now it is Free Trade, and the vast industrial system which it has brought into existence, that is responsible for this gigantic furnace policy, which is consuming the mineral vitals of our country—undermining its foundations and ravaging its natural scenery. But there is our national glory—our British shipping—which we get as a set-off! Even Mr. Hyndman, the Socialist, is enchanted with it, for he looks for the time when Great Britain shall become “the wharf of Europe,” and there shall be “free transport.” What Mr. Hyndman means, I do not know. Does this country exist for its shipping? The sea population of human beings is almost all of one sex, and is comparatively insignificant. The total number of men employed on sailing and steam vessels belonging to the United Kingdom was, in 1893, only 240,945, of whom nearly 25,000 were Lascars and Asiatics. The shipping institution is kept up at colossal cost in material and human life. No sooner do we launch one set of ships to carry our goods than we build another set to carry guns to protect it. The navy is, in part at least, kept up to protect our Free Trade. Whatever was John Bright’s argument for Free Trade when illustrated by the English navy? 300,000 tons of British shipping, it is stated, go to the bottom of the sea every year. If 1,200,000 tons are added annually in our shipyards to new ships, this means at least that one-fourth of the increase descends to the bed of the oceans. And what of the loss of cargoes and human life?

However much we may shut our eyes, it is probable:

that British shipping will decline. "There has been," it is stated, "increased competition by foreign mercantile marines." As vessels are supplanted by new types, they are sold to foreigners at a low cost; and as they can be worked more cheaply, and are free from the restrictions of British legislation, they become formidable rivals in Great Britain's own business. The vessels flying the Union Jack were 88.5 per cent. of those entering and clearing British ports in 1870, but only 78 per cent. in 1892."

It is not wise, with a great cause on hand, to put yourself unnecessarily against the national sentiment. It is Free Trade which will destroy our shipping; building ships and selling them to the foreigner will eventually denationalize it. When the foreigner has got the means, he will take the next step, and build his own ships. Our proposal is that British shipping should belong to the State, just as the navy now belongs to it. In a century hence it is my belief that the British navy will be a floating university, rivalling Oxford and Cambridge. It will be, I dream, almost entirely confined to passenger traffic, and one free voyage round the world will be the birthright of every British person on these islands.

It is the common idea that there is a big annual national profit in the exchange of exports for imports, because a larger money total appears in the balance-sheet on the side of the latter. The reason for this inequality is in the fact that the exports have not yet been shipped, and the freight cost is charged on the one side but not on the other. If we were to lessen the production of our exports—if, for example, we grew all our own wheat, we should equally lessen the value of our imports. Is not foreign competition good because it keeps down rent and gives us the best article at the least cost? It does not keep down rent. The cheapest and surest way to have fixed rent would have been by the State and not by competition. Under a rural rent of 2s. 6d. weekly, and with bread at 8d., the laborer would be better off than under a town rent of 5s., and bread at 4d.

As the rent advances over 5s., each penny is on the side of the rural situation. There has been no cheapening of meat and coals by Free Trade. As to cloth, it is true that the working people can buy their covering "dirt cheap," but what sort of covering is it? An old Chartist showed me a coat the other day that he was still wearing on Sundays, and which he had used for fifty years. The silk gowns made a century ago were "turned" and handed to the use of a second generation. A working-man purchases to-day a great-coat for £1. It possibly many hang together for two years. Before Free Trade, a working-man gave £4 for his great-coat, and it lasted him ten years. It was then "turned," and lasted him or his son five years longer.

Did Free Trade cheapen the loaf? The Corn Laws were repealed in 1849. The price of wheat per quarter in England during the eight years before the abolition of the Corn Laws was 51s. 5d. The septennial average for British corn for the seven years ending 1835 was 56s. 2d. For the period of thirty years after the repeal, the average price was 55s. 8d. The Corn Act was passed in 1815, so that England was under Protection for thirty-four years. The Act prohibited the importation of foreign grain until the price of wheat had reached 80s. per quarter. The maximum price inside the Protection period was 96s. 11d. in 1817. On the outskirts of this period, the maximum price was 126s. 6d. in 1812, and 74s. 8d. in 1855. Both were war prices, and, as they were outside the Corn Law years, Protection had nothing to do with them.

It was the machine which made Free Trade powerful. The destruction of machinery by the Luddites at Nottingham in 1811—four years before the Corn Act was passed—reveals that the manufacturers were already commencing that policy which has culminated in such stupendous mischief. Ned Lud, who was described as an "idiot," seems to have been the sanest man in the country. "The rioters," says the historian, "supposed that the introduction of machinery would keep them out of employment."

Many of them were hanged. If the blood of the martyrs is the seed of the Church, may it not be also the seed of the State? These two were both Puritan movements, and both started from Nottingham—the *Mayflower* voyagers of 1620 and the Luddite rioters of 1811. The two may meet again! The evolution of the latter, after a century of growth and in 1911, may bring back the descendants of the Pilgrim Fathers to view the British Republic, and to return to found the new United States of America, without the institution of slavery of either black man or white,

It is evident that history repeats itself in more ways than one. In the time of Henry VII. the effect of Free Trade was similar to that which we witness to-day. The commoners, who had amassed money by merchandise, bought lands from the impoverished nobles. The most important law passed was one allowing the nobles to sell their estates. A new aristocracy sprang up. That is just exactly what is happening in our time.

It is the evolution of the machine that has made Free Trade so terrible a calamity to the working-classes. Before the Corn Act there had been several experiments in protection. For example, the Navigation Act passed in 1651, which prohibited any but English ships from trading with England. That was a bold stroke! It led, sharply, to war. There was the Stamp Act of 1765, which proposed to tax certain papers used in America; and taxes on tea, lead, glass and painter's colors, which were laid on the colonists. This also ended in war and the separation from Great Britain of the United States. There was the "ship-money" and the institution of "tunnage and poundage," which were import duties on every tun of wine and on every pound of certain commodities introduced into England, which latter was the origin of our "Customs." In the end Charles I., who imposed these, was beheaded.

If Free Trade was still a movement of true liberation like these historical revolutions, we should be the first to laud it. Whatever it was at the beginning, it is now a gigantic

means of coercion. If Cobden, who was born in 1804, had as a little child learnt of Lud in 1811, and seen that the *hand-lord* under Free Trade would become a greater mischief than the *land-lord* under Protection, he was that sort of man who might have joined Robert Owen rather than Charles Villiers. The Anti-Corn Law League was formed in 1839, and "Socialism" was first advocated in London by Owen in 1834. There was also the Chartist movement of 1840. These might have taught Cobden that putting the Atlantic Ocean between the British people and the land which produces their food and cloth materials was a far greater separation than any corn laws could effect.

What has caused the vast unearned increment of rent in our big towns? Free Trade. Remove Free Trade and the vast increment in urban rent would stupendously disappear. It is a mere tax. If an addition of £1 per quarter was now added in the form of duty on wheat by a new corn law, it would produce for the landlords an unearned increment annually at the present time of some £30,000,000. This amount would be many millions less than the unearned increment which Free Trade presents annually to the landlords of the towns. To the mass of the population rent is as pressing a matter as bread. Here is the famous Free Trade trick. It takes 2s. off Brown's weekly bread-bill and waves the bill before the public eye: "See what the Liberal party has done for you!" It hides away from popular gaze Brown's rent-book, to which it has added on the sly 2s. 6d.

There is not space to follow further the trend of this libertine conspiracy. We must now, with courage and clearness, show how we propose to untwist the mischief and let the people go.

The social situation of Great Britain is remarkably distinctive. The principles of Socialism may be the same all over the world, but there are differences in the positions of populations which will necessitate varieties of movement and *modus operandi* to bring them into line with those principles.

In Great Britain we have a small area of soil and two-thirds of the people on the pavement in the towns. The one-third are no more on their soil than the two-thirds, and not one-fourth of them are agriculturists. The one-third need to be removed from their present site equally with the two-thirds.

The product of Free Trade has been the sweeping divorce of the people from agriculture. If the United Kingdom were to produce all her own corn she would pull down her exports by one-eighth; and, of course, the imports would come down one-eighth also. We will take no extreme phenomena in wheat production. There is solid evidence that sixty bushels per acre can be practically reached on an average with ordinary means in Great Britain. This implies that on the same area—2,000,000 acres—on which we now produce some 9,000,000 quarters of wheat in the United Kingdom, we could produce 18,000,000. The reason why we get only 9,000,000 quarters from our soil at the present time is because of foreign competition. The proposal which the New Party puts forward will, without "Protection," remove the effect of this foreign competition from certain areas of British soil. Its plan is this:—

First.—To place the producing and consuming population on the same area of soil.

Second.—To give this population Home Rule and the constitutional management of its own industrial and agricultural affairs.

Third.—To combine on the same area of soil the industrial with the agricultural population, so that production, distribution, and consumption are all situated on the same area.

Fourth.—This area will be, for each rural republic, say, 10,000 acres with 10,000 head of population.

Fifth.—To give these local states compulsory powers over water, earths, and minerals, outside their areas, through the Secretary of State, so that they may possess

such resources as will enable them to be complete in natural material.

There will be very little export, and, of course, the same amount of import, over their borders. Tea, tobacco, rice (and, for a time, timber), etc., they may need to import. It is possible that wool and flax may entirely take the place of cotton.

The initiation of these settlements shall be, it is proposed, by voluntary machinery. A bill will be brought into Parliament to give to associations, formed under certain cautious and well-considered conditions, properly organized, and consisting of not less than, say, 10,000 members to each association (a certain proportion of whom must be composed of practical agriculturists and farm-laborers, spinners, weavers, smiths, carpenters, etc.), compulsory powers to obtain land, selected mutually by each association and the Secretary of State. When it has settled down upon the land the Secretary of State will grant it the common and perpetual tenure of the land and a charter of communal self-government. All rent, if any, will be paid in one communal sum and to the secretary of State, and it will be fixed at one sum for ever, subject only to decrease by Parliament, which will settle with the landlords.

European Opinion on Bimetallism.

In commenting on the fact that both houses of the Prussian Diet have, by large majorities, urged the German Government to take steps in favor of an International Conference to promote bimetallism, the *Journal of Commerce* says that "no competent and dispassionate judge of the factors that must determine the outcome can expect anything short of the final rejection of bimetallism." Also that "the powerful interests dependent upon the stability of money, and the intelligent public sentiment which best understands the operation of the laws of money, have the

power to prevent a world-wide adoption of any such monetary system as the bimetallists advocate, and that fact alone makes universal bimetallism impossible of achievement."

The *Journal of Commerce* here assumes that the "powerful interests" which govern commerce, of which the Rothschilds, Bank of England, etc., may be taken as the leading representatives, instead of standing nonplussed and foiled by the difficulties of restoring bimetallism, while the values of the two metals are so far from the normal ratio, are really delighted at their divergence and regard monometallism for all the world on the gold basis, as not only an unavoidable event but as an ideal condition. The *Journal of Commerce* does not seem to be aware that the opinion it announces could not be shared by the authorities to which it appeals, *viz.*: the powerful interests dependent upon the stability of money, unless those powerful interests have undergone a *toto coelo* conversion from the views they have uniformly expressed, when this subject has been under discussion.

Mr. Goschen, Tory Chancellor of the Exchequer under Salisbury, speaking for Great Britain in the monetary conference in 1878, when he was a Liberal, said:—"The American proposal of a universal double standard seems impossible of realization—a veritable Utopia; but the theory of a universal gold standard is equally Utopian, and, indeed, involves a false Utopia. It is better for the world at large that the two metals should continue in circulation, than that one should be universally substituted for the other."

The utterance of the late British Chancellor of the Exchequer agrees with the political platforms of both our parties in regarding bimetallism as the normal condition toward which, after temporary lapses into the abnormal, the world will return, if it can.

President Mees, of the Bank of the Netherlands, speaking at the same Paris conference, said:

“If the universal double standard is an Utopia, the single gold standard is also an Utopia, and one that would be very dangerous, if, by some impossible combination of circumstances, it should come to be realized. The general demonetization of silver undertaken everywhere at once would have the most fatal consequences. It would bring in its train an enormous depreciation in the value of that metal, and would occasion crises alarming in their economic effect. What would be better for everybody would be that the two metals should continue to serve simultaneously and, as Mr. Goschen has said, ‘lend each other a mutual support.’”

There can be no doubt that Baron Alphonse de Rothschild of Paris is a central representative of the “powerful interests” from which the *Journal of Commerce* professes to derive its own views, and he said, addressing the French Monetary Commission in 1869:—

“They now demand that silver shall be demonetized, as fifteen years ago they demanded that gold should be. The French Government wisely refused to demonetize gold then, and it will be equally wise to refuse to demonetize silver now. In fact, whether gold or silver dominates for the time being, it is always true that the two metals concur together in forming the monetary circulation of the world, and it is the general mass of the two metals combined which serves as the measure of the value of things. It is scarcely twenty years ago that silver was the principal element in our transactions. Since the discoveries of the Californian and Australian mines, it is gold which has taken its place. No person can foresee what the future has in store for us, nor can predict that the proportions in which the two metals are now produced may not be changed in favor of silver.”

Here we see the foremost member of the chief banking house in the world arguing that silver should not be discarded, because it was too dear, since production might so change as to make it the cheaper metal, and pleading

for the equal retention of silver in circulation against the anti-silver fanatics who were seeking to demonetize it in France at a time when its coins bore a premium of 4 per cent. over gold coins of like denomination.

His prophecy was fulfilled within five years. This should serve as a rebuke alike to that class of our own free silver fanatics who imagine the demonetization of silver was engineered by the creditors and banking class to raise the value of debts and oppress debtors, and to that class of monometallic gold fanatics who, like the *Journal of Commerce*, assume that because silver is down to-day it is down finally and forever, and that all efforts to re-establish parity between the two metals are "impossible of achievement."

Baron de Rothschild further said: "I should regret it (the demonetization of silver) even more if our example should be followed by other nations, for that suppression of silver would be followed by a destruction of values without any compensation."

It is very clear that the leading member of the house of Rothschild does not mean by "sound money" a metallic currency from which silver has been wholly eliminated.

Again, Lord Beaconsfield, at a banquet in Glasgow, on November 19, 1873, said:

"No doubt our young relations on the other side of the Atlantic, with that ardor which is characteristic of youth, have been doing something somewhat extravagant. But I do not believe that the disorders which have arisen there could have occasioned or were adequate to occasion the disorders which have occurred in our own country with reference to the value of money. . . . I attribute them to the great changes which the governments of Europe are making with reference to their standards of value. . . . When the various states of Europe suddenly determined to have the gold standard and took steps to carry it into effect, it was quite evident that we must prepare ourselves for convulsions in the money market not occasioned by speculation or any old cause, which has been alleged, but by a new cause

with which we are not yet sufficiently acquainted, and the consequences of which are very embarrassing."

When Lord Beaconsfield uttered these words silver was still worth as much as gold, though it remained so only a few months. France had not yet suspended its free coinage and did not until six months later and the "over-production" of silver did not set in until about six years later. These opinions show that the powerful interests of Europe do not concur in the *Journal of Commerce* sentiment that monometallism on the gold basis is an event to be welcomed for its own sake, whatever may be the price of silver.

If it be said that these views are all before the fact, the great fall in silver not having occurred, we find the utterance of the French Minister of Finance, M. Ribot, in February, 1895, equally emphatic. He said:—

"I agree with Mr. Fougerei that the abandonment of the mintage of silver, the responsibility of which was incurred in 1873 by the German Government, has proved extremely disastrous, but we cannot attribute the agricultural crisis in all its length and breadth solely to the suspension of the free coinage of silver. . . . But to me it is evident that the abandonment of bimetallism, coinciding with these general causes, has precipitated the crisis and has given it a far more grave character than it would otherwise have had. . . . We may differ in opinion as to the precise methods to be employed, but I believe that in England and in Germany there is a general movement in favor of the resumption of the coinage of silver. I cannot say at what moment this progress will be sufficiently decisive to overpower the resisting forces which are great. France ought to assume an attitude which will encourage the movement of public opinion in neighboring countries. This is the policy which the Minister for Foreign Affairs will adopt, and which I have adopted."

In view of these utterances it is apparent that the really "powerful interests of Europe" believe in a bimetallism identical with that to which the Republican and

Democratic parties in America stand committed, and that the real question is first, whether by any means, which one nation or all nations can employ, the double standard with free coinage of silver can be restored, and if so, secondly, as to the means by which this result can best be obtained.

Among all these European bimetallists there is probably not one who regards the coinage of silver as a policy which will become practicable until other events shall have first restored or nearly restored parity between the two metals. There is no resemblance between either European or American bimetallism, intelligently understood, and the free coinage of silver, with silver at its present low price; especially while at that low price it is being produced in annually increasing quantities.

English and American Manners.

A few Englishmen have American manners, and one in fifty among Americans has English manners. But with these exceptions, the primary motive of manners in the people of the two nationalities is different. An Englishman expresses his idea of American manners by saying: "You are mostly polite, but you have no people whose manners express distinction." What he calls distinction the American looks upon as an assertion of presumed precedence, a manner distinctly adopted, not to place equals at their ease, but to keep inferiors in their place. English manners, therefore, are a part of the art of snubbing or of social subjugation upon which the British Empire, considered as a social fabric, rests, from the Queen, through a thousand grades, down to the scullion or the sweep.

Thus, Sir Archibald Alison, in his autobiography, narrates that at one of the Marchioness of Londonderry's receptions, the guests with one accord took offense at their hostess for taking a position near the entrance where her guests in leaving, would have to pass her. This would convert the

closing moments of the reception into a period of reciprocal courtesies with their hostess in person, which they thought would assume too much the form of homage to her, and as her manner was supremely royal, they turned with one accord and withdrew from her palace by another route. This snubbing of their hostess by her guests is told by Alison as if it were exquisitely the proper thing to do, inasmuch as Lady Londonderry was getting too much display for herself and was using her guests for the purpose in a manner not contributory to their ease or enjoyment.

However this may be, the snub was entirely English. An American company might have smiled good-naturedly but they would have declined as guests to take the control of the ceremonies out of the hands of their hostess. What was done converted the house, whose hospitalities they had accepted, into a mere place for meeting each other, such as Dickens so admirably satirizes in his descriptions of those who met at Mr. and Mrs. Veneering's.

On the contrary, among Americans, the art of snubbing is imperfectly learned in early life and little understood. Thousands attain to high social and business success without learning how effectively to economize their time, as against social intruders.

President Garfield, when bored by Guiteau's importunities for a consulship, is said to have handed him over to the servants of the White House with the request to "give this man some breakfast." Possibly the brusque mode of communicating this snub, acting on an unbalanced mind, cost the President his life. Every successful man must minimize the loss of time demanded by people whose affairs are unimportant.

English manners do this with ease and pleasure. Often they dispense it, as it were for practice sake, to men and women who are the equals, in every sense, of those who employ it.

An American lecturer and journalist of some note called upon the Dean of Oxford on the day on which that Uni-

versity conferred the degree of LL.D. upon Henry W. Longfellow. He remarked to the Dean that Americans generally would deeply appreciate the honor. The Dean replied, drawling the superfluous *ah* after nearly every syllable: "I—ah, am told—ah. I—ah, have never—you know—ah, actually read—ah, any of—ah, Mr. Longfellow's, you say? Mr. Longfellow's—ah; certainly—ah, poems, you know—that is to say verses, of course—ah, but I—ah, am told that he has written—ah, very clever verses—ah, so to speak, you know—ah!"

The English drawl enables the speaker to detain the person addressed until the converser's ideas catch up with his narrative. It indicates slowness of thought, but also caution, as to the giving away of any opinion that may be of value. Meanwhile, however, it imparts a certain tension, or vacancy to your mind which makes any really good thing he may say more impressive.

When Mr. Goldwin Smith, in lecturing upon the French Revolution, states that, to the apprehension of the English Whig and Puritan, it appeared due "to the direct and immediate instigation of the devil," his words become more effective as he draws: "For—ah, simplicity and—ah, comprehensiveness, such a solution—ah, you perceive, leaves nothing to be desired."

English critics condemn the suppression of honest fault-finding on the part of an American audience as depriving artists of any criterion except applause. If a speaker utters opinions in the highest degree offensive the established etiquette forbids all expressions of disapprobation. In "The Trip to China-Town" it is deemed a part of the spirit of the performance that the orchestra shall play out of tune, carrying the discord to the point of studied painfulness. This is kept up during an entire interval between the acts, and the audience is expected to be amused at what is bad art and intensely odious, just as a century ago blood spurting from wounds was considered an accessory to stage art. A critic who regarded this feature as in

bad taste exercised the ordinary English prerogative of criticism by hissing. He was waited upon by the managers and informed that if he did not like the play he could leave. They would hardly believe him sincere in asserting that, as the holder of a tickets he had the same right to hiss as to applaud.

Lawyers learn the art of snubbing the judges before whom they practice, when it is necessary to do so to secure judicial fairness. Charles O'Connor was before Judge Barnard in an equity cause. He was stating his point with such cleverness as he deemed necessary to its full comprehension by the judge. Judge Barnard thought it could be stated more directly in fewer words, and remarked:

"I understand your point to be, Mr. O'Connor——" and then proceeded to state it in his own language. The great lawyer's smile was bent fully upon him, and with a clear and penetrating suavity, which nothing could brow-beat or disturb, O'Connor replied:

"The learned court could not have more disastrously and profoundly misunderstood my meaning if I had been wholly lacking in the power of utterance."

Lord Houghton, previously known to Americans as Monkton Milnes, was a poet, a literateur, and sustained an official position toward the Queen's household which brought him into very direct contact with royalty. He had exceptionally favorable opportunities for representing the best phase of aristocratic British manners, and, therefore, of practising the art of "waiving off the inconvenient."

Sir Archibald Alison, in his autobiography, describes Lord Houghton as "a remarkable man both as a poet and as a member of society. A Palmerstonian in politics, and attached to the colors of his leader, he has for a considerable time made a respectable but not eminent figure in Parliament. He has no decided turn for politics, and has probably entered the House of Commons rather as the

"best club in London" than for any other or more ambitious reason. His turn of mind is essentially literary and poetical, and therein he has very great merit. Some of his small lyrical pieces are of remarkable beauty, though not equal to those of Longfellow or Mrs. Hemans. In society his liveliness of manner and quickness of apprehension render him generally agreeable, but there is sometimes too great a straining after effect, and a desire to say good things. He is a great diner-out, both in aristocratic and literary circles, and entertains handsomely in his own house; and it is rarely that a man of talent, habitually moving in such circles, escapes this defect. Sydney Smith had it in an eminent degree, though his ready wit made it generally, in his case, be overlooked — 'Conversation Sharp' in a still greater. These men do not lecture or engross the conversation to themselves, like Macaulay or Whewell or Jeffrey; they follow the true art of conversation in giving and taking, cutting and thrusting."

On Lord Houghton's visit to America, the faculty of the University of Chicago were invited to meet him during an evening at the parlors of the University. After a brief chat and collation, the party adjourned to the tower which contained the telescope. While the Director was manœuvring the telescope into the field for a favorable view of the planet Saturn, the reverend President of the University remarked:—"We Americans are surprised at the fervor with which the British mind is carried away by Mr. Moody's preaching and by Mr. Sankey's singing."

"The English mind had been thought phlegmatic. Its aristocracy usually rejects emotion. Its divines prefer learning. Yet our wild, uncultured West, as embodied in these two unpretentious Christians, becomes to you a veritable social revolution. We cannot understand it."

Lord Houghton was walking, arm in arm, with the President around the small circle of space which surrounded the telescope. Thus walking, he replied in a series of articulated grunts and robust snorts, to which the listeners at-

tended in the expectation that when he had sufficiently cleared his throat he would say something.

"H—m. Moody. Aha! Ugh! Sankey! Humph! Moody and Sankey! Bah! Sankey and Moody! H—m! Moody. Ah, ah, aha!"

This was the only reply he made.

It was discreet. It left the question unanswered. But it conformed to no standard of politeness known among Americans.

A most incomprehensible point to an American, in the manners of a native Briton, or even in those of an American who has sojourned briefly in England, is often the audacity, gall or "cheek" which he shows toward the host who entertains him.

One of the most distinguished English clergymen who ever preached in this country, being present at a funeral, in a private residence, of a family who were in every sense his social equals, leaning his arm upon a mantel, found that it soiled his sleeve with dust.

Forthwith, in the presence of several clergymen, he proceeded to write with his finger in the dust on the mantel the word "slut."

"Make yourself absolutely at home," said the proprietor of a hotel at Louisville to Mr. Charles Dickens. "Everything we have is at your service!"

The great novelist looked up in surprise and inquired:

"Is this a hotel?"

"Certainly."

"Are you its proprietor?"

"I am."

"If I want you I'll ring."

When Matthew Arnold lectured in Cleveland he stayed, by invitation, at a private house, and after the lecture was over was informed by his hostess that it would be unnecessary for him to come down to breakfast, as it would be served in his room, and as the family breakfasted usually at eight, this would be quite too early for him. He

insisted that he would much prefer to breakfast with the family, and that the hour of eight would be no inconvenience to him. At eight, therefore, it became necessary to hold the breakfast until he came down. One after another of the family, however, having engagements, went to the restaurants, and when Mr. Arnold came down to breakfast, after ten, only his hostess and her daughter remained.

It is no part of our argument that America produces no prominent men whose manners are, indeed, exceedingly "distinguished," but not at all polite. A very prominent lawyer and banker of Chicago would preface every statement of fact which he wished to emphasize with the offensive prelude, "It will astonish you very much to know that," etc., or "My dear sir, you have not the least idea, sir, but it is nevertheless true that," etc. So generally, however, was this regarded as English that very few persons supposed him to be an American. Sometimes these English manners are the best. Sir Julian Pauncefote was present at a reception at the White House, where a servant at a particular hour of the evening had been stationed at the stairway with directions to pass no one upstairs. A lady not of Sir Julian's party sustained a sprain in dancing or falling, which made it desirable to her to retire to an upper room. Her husband, an eminent Congressman and general, had started with her for that purpose to go up the stairs, but was put back by the servant. Sir Julian took the lady's arm and, with a manner which brushed the servant aside like a fly, led the lady upstairs. One of the chief functions of authority is to enforce the exceptions which must be made to all general rules, and the highest type of manners is that which compels the observance of these exceptions as punctiliously as of the rules.

Economics in the Magazines.

Under this head we call attention only to the articles in the current magazines on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

BIMETALLISM. (1) *As a Bubble*. By Henry D. McLeod. (2) *As a New Way to Pay Old Debts*. By J. W. Cross, both in the *Nineteenth Century*. Prof. McLeod uses the term bimetallism to express the idea of unlimited free coinage of both metals, by international agreement, and not the retention of both in circulation by limiting the coinage of the metal of lower value. Under the name bimetallism, therefore, Prof. McLeod really argues against free silver, which, in continental and American discussion, is a different thing altogether from bimetallism.

Neither article recognizes the great degree in which the aggregate of individual habit and preferences in the making and adjustment of contracts controls the metallic standard in which they will be payable, irrespective of law. To the extent that the people of any country mentally assume one of the metals to be their standard, it becomes so. In this sense the larger attractive force is the whole body of a nation's contracts, public and private, for the payment of money. About half of these in the United States are represented by the bank clearings, and the other half are made up of mortgage, wage and retail contracts, which do not go through banks. The bank clearings and mortgage contracts constitute, in the United States, a force that might, in practice, prove potential to regulate the standard one way, even if legislation or political and popular voting should seek to regulate it the other. In California, in 1862-79, while the remainder of the country passed over to the "greenback" basis, gold and silver continued to be the standard in fact, regardless of legal tender notes having been enacted to be the standard in law. One of the questions which monetary theorists have not sufficiently considered is, whither will the contract-holders and contract-makers gravitate, in their

demands and concessions, irrespective of governmental action? In this sense it may prove as difficult to legislate upon which metal shall be the standard of money payment, as upon the dietary question whether a nation shall drink tea or coffee, eat wheat bread or rye.

BIMETALLISM.—*The Silver Question.* *Germany's attitude as to a Bimetallic Union.* By Count Von Mirbach, member of the Prussian House of Lords and of the German Reichstag, in *North American Review* for June, 1895. The Count writes forcibly and authoritatively from the standpoint of one who has no doubt, and sees no room for anyone else to doubt, that anti-silver legislation has caused the fall in silver, that the fall in silver has caused severe loss to the agricultural classes in Germany, and that international co-operation on the part of the four, or even three leading nations, would be amply potential to remedy the whole evil and bring silver promptly to par.

DWELLINGS.—*The Only Cure for Slums.* By E. R. L. Gould in *The Forum* for June. The writer believes that the expropriation of insanitary dwellings by some department of the city government, which will compensate the owner, tear down and rebuild, lease, rent and sell, after the recent English and European practice, is the true and "only cure for slums."

ECONOMETRY.—*Power and Wealth of the United States.* By M. G. Mulhall, F. S. S., in *North American Review* for June. The most compact, methodical and powerful presentation ever made of the economic success and precedence of the United States relatively to other nations. It is based on the principle that economic power admits of exact mathematical measurement in foot tons per day, a branch of metrical science which, if well founded in fact, would deserve the coinage of the new word placed at the head of this note: Econometry. Mr. Mulhall asserts that "whatever force is directed for the production, conveyance or distribution of the necessaries, comforts or luxuries of life, may

be measured at each national census with almost the same precision as that with which the astronomer indicates the distances of the heavenly bodies. The working power of an able-bodied male adult is 300 foot-tons daily, that of a horse 3,000 and of steam horse-power 4,000." The deductions which Mr. Mulhall makes have won wide attention. The doctrine that economic power is reducible to foot-tons of lifting power is perhaps true to the extent that intellectual power is convertible into muscular, or that thought is expressible in terms of weight. Of the various standards that have been taken, such as ability to consume iron, actual consumption of printed matter and hence proximately of paper, consumptive power as to food, clothing, luxuries and habitations, Mr. Mulhall's basis has the convenience of being the most workable and most easily reducible to mathematical terms.

He finds that each inhabitant of the United States has grown in productive power, since 1820, from 446 foot-tons daily to 1,940 foot-tons daily. This seems to be equivalent to saying that man's command over the means of subsistence has increased in this proportion in the United States, however it may have sunk elsewhere. Mr. Mulhall finds, however, that in Spain to-day man's power over nature is 590, which is more than a fourth greater than the ease of obtaining a subsistence in the United States was in 1820, and that only in Italy, of the countries which he canvasses, is the ease of maintaining existence lower to-day than it was in the United States in 1820. In Great Britain man's power over nature to-day is more than three times greater than it was in the United States in 1820, in Germany and France it is twice as great, and in Austria it is to-day 560, against 446 in United States in 1820.

ECONOMIC THEORY.—*Hamilton as a Political Economist.* By Edward C. Lunt in *The Journal of Political Economy*. (University of Chicago), June. The effort of this article is to show that Hamilton's chief measures, protection to manufactures and a bank of the United States were ad-

vocated by him, not for their economic value, or their ethical justice, but for their political expediency as policies calculated to centralize Government and to promote national unity. He would have us believe that a true Hamilton, to-day, would not advocate protection to American Industry by tariff, nor probably a bank of the United States. He thinks also that Hamilton "cast the mould for the country's development, and gave its bent to the national genius," but that he has done virtually nothing toward founding a science of Economics. This is the conclusion at which a writer spontaneously arrives if he has fed so long on English Economics as to have fixed his standard of taste on that stagnant, paralyzing and imbecile pattern and then judges of all statesmen and economists as good or bad, according to the degree in which they conform to the sluggish and dismal English standard.

Hamilton revived and fortified in America the revenue and banking policies which were most esteemed in his day in Europe. Following largely the example of the United States, as led by Hamilton, all the other American republics, Canada, Australia, Germany and all the Continental powers of Europe have adopted the Hamilton idea on Protection. Great Britain is liable to return to it whenever the Tory party has an assured lease of power. China, Japan and India will imitate it as soon as permitted to frame their own tariffs without foreign dictation. Mr. Lunt's arguments against Hamilton's ideas are interesting as literature, but in most cases the ghost of Hamilton receives his sword thrusts without harm and then knocks him over with a breath. For instance, Mr. Lunt says: "Whether or not a country will get the best results by setting up machinery of its own, depends on its comparative advantages in manufactures and in agriculture. If its pre-eminence over other countries in agriculture is great, and if, at the same time, its ascendancy in the field of manufactures is less marked, or is, indeed, altogether wanting, such a country will get its manufactures most

cheaply by offering in exchange agricultural products." This stereotype and oft-repeated free-trade falsehood will probably continue to the end of time to be given as a reply to Hamilton's Report on Manufactures by every person who has learned to read and write but has not been blessed with any economic insight. Mr. Lunt regards one who explains a production of wealth as an economist, but one who causes a production of wealth is not, alas!

MONROE DOCTRINE.—*England, Venezuela and the Monroe Doctrine.* By Senator Henry Cabot Lodge, in *The North American Review* for June (with map of the territory encroached upon by Great Britain). Senator Lodge's paper will doubtless stand as authoritative on the important international question it discusses. It seems to leave the United States no alternative between enforcing the Monroe Doctrine in the Venezuelan case, by notifying Great Britain to withdraw from all the territory between the Essequibo and the Orinoco rivers, a territory as large as the State of New York, and seeing the whole of South America exploited by Great Britain, France and Germany, as Africa has been. They are capable of subdividing it between them, if allowed to do so.

IRRIGATION.—*The Future of the Great Arid West.* By E. V. Smalley, in *The Forum* for June, 1895. Mr. Smalley estimates the portion of the arid belt which can be irrigated lower than many investigators. He says: "The single furrow run across a twenty-acre field represents all the area that can ever, by the largest enterprise and the most liberal expenditure, be reclaimed for cultivation in the arid region, and the remainder of the field represents the area that will always remain in its present condition of pastoral plains, mountains and deserts."

The greater portion of this country, he thinks, will always be desert. Where the irrigated valleys extend there will arise intensive culture and "a certainty of large yields of forage, grain and fruits," and, with these, facilities for social

intercourse and for thought interchange, which will develop "a high grade of rural civilization." But the cowboy, the pack-train, the hunting expeditions, the camps beneath the stars on the lonely plains, this realm of romance, courage and rude physical life will not disappear.

The issue between Mr. Smalley and those who asserted in our last number that the irrigable area is capable of sustaining as large a population as now fills the United States, is therefore direct and clearly drawn. Mr. Smalley believes our national Sahara is an eternal and irreversible verity. Others believe it is largely removable. This issue is really the most important question now before the American people.

PRICES.—*State Regulation of Prices and Rates.* By W. H. Dunbar in *Quarterly Journal of Economics*, April. An exhaustive discussion of Federal and state court decisions on the question whether state legislatures may exercise the power "either to fix in their discretion the prices or rates that may be charged in any industry, or to prohibit the prosecution of any industry," in a degree not subject to the regulative control of Congress. Prof. Dunbar regards the question as still open, but one that must, at an early day, come up before the Supreme Court of the United States for decision. His abstract of cases verging toward the point is instructive.

WOOL.—*The World's Wool Situation.* By S. N. D. North in *Bulletin of National Association of Wool Manufacturers* for June. Although the January report of the Department of Agriculture shows, as Mr. North says, "a shrinkage in the number of sheep from 47,274,000 in 1893 to 42,294,064 on January 1st, 1895, which is practically back to the figures of 1880," yet Mr. North predicts that "notwithstanding free wool and the great fall in price which has followed it, the number of sheep maintained in this country will not fall below the total of Great Britain, nor the total wool clip decline more than one-third, as the ex-

treme possible consequence of existing conditions." As the total number of sheep in Great Britain, as given by him for 1894, is 25,861,500, his prediction calls for a further loss of 17,000,000 sheep. It would seem that such a picture can hardly be deemed so roseate that any class of critics ought to regard it as "gratifying evidence that free wool has come to stay." Yet they have done so. If a total present and prospective decline of 22,000,000 in sheep is "only a shower," it might be interesting to know what precipitation of loss would be accepted as a flood. Mr. North shadows forth rather the complacency of the wool manufacturer than the discontent of the wool producer. One of his points covers a distinctly erroneous superstition, *viz.*, that until shortly before the free wool act was passed domestic prices were from 20 to 25 per cent. higher in America than abroad, and they dropped under the prospective influence of the "free wool" act. Domestic prices of combing and clothing wools had been within from one to three cents a pound as low as the foreign for fifteen years before the free wool act was passed, and often quite as low. As early as 1878-80 three all-wool blankets purchased at manufacturers' prices, one at the English factory, one at the Minneapolis factory and one at a factory near Boston, all showed the same invoice price, *viz.*, 69 cents per pound, and in each case the price of the blanket was twice the price of the wool of which it was made, thus showing that English "free wool" prices and American protected prices were essentially the same. American manufacturers resisted this fact, and sought to make the alleged "tax on wool" a ground for a "compensatory" duty, based on such tax to reimburse to the manufacturer what he claimed to have paid the farmer. The theory was fallacious, and equally fallacious is the claim that wool in the United States fell to meet the removal of the duty. It had fallen through domestic competition fifteen years earlier.

Among the Books.

Life and Labor of the People in London. Edited by CHARLES BOOTH. Vols. V. (416 pp.) and VI. (382 pp.) Population classified by Trades. New York and London: Macmillan & Co. Price, \$6.00.

The amount of material furnished by these volumes for the accurate and scientific study of a single population was never before equalled; albeit the truth applies that only those who have eyes (trained) to discern, can discern and "only those who have ears 'prepared' to hear can hear" Mr. Booth's unromantic and depressing statistics. One may plunge at random into any page with equal success or failure, accordingly as the mind is prepared to apprehend the social and spiritual meaning of all these dry figures. We might wish there were illustrative cuts of each of the 188,000 people in London who live four or more in a room or eight or more in two rooms, as our Bureau of Ethnology elaborately illustrates our Utes, Crow Indians and other aborigines. Not even an exclamation point follows the cold fact that in London there are (p. 15) 1,000 persons living with over eight in one room, 2,000 persons dwelling eight in a room, 6,000 persons dwelling seven in a room, 20,000 persons dwelling six in a room, 57,000 persons dwelling five in a room, 102,000 persons dwelling four in a room, 304,000 persons dwelling three in a room, 782,000 dwelling two in a room, 20,000 persons who have no room at all, but dwell only, night by night, in lodging-houses, and 963,000 persons who dwell one in a room. Thus in the strictly lower classes of London we have an aggregate of 2,257,000 persons, all of whom are compelled to perform all the functions of home life within one set of four walls—cooking, eating, bathing, sleeping. This is a population as large as the whole population of New York, Cleveland and Atlanta combined—all not far removed from the condition of Dickens's Poor Tom of "Tom All-Alone's"—the words "all alone" being evidently part of the "social sarcasm."

The central classes of London comprise 1,584,000 persons, of whom 153,000 have more than one room, 982,000 persons have more than four rooms, 228,000 persons who have one servant to four persons, 15,000 persons who live in, over or behind their shops, and 206,000 persons who are servants in families and institutions.

In the upper classes there are 274,000 persons who are ranged according to their number of (indoor) servants. Of these 97,000 have three and less than four persons per servant, 70,000 persons have two and under three persons per servant, 58,000 persons have

one and under two; and 23,000 persons have less than one person per servant and 26,000 persons are inmates of hotels, and 97,000 of "Institutions."

The social condition of the families of persons engaged in every trade and occupation in London is classified, so as to bring to light the mode in which they live, as graded, if below the one-room class, by the space they occupy, or if above the four-room class, by the servants they keep. Under the head of the Building Trades we find it noted that owing to the fact that the product of their industry is not subjected to foreign competition, they "form its most important Industrial group" (p. 39), though far smaller numerically than its clothing trades which are subjected to almost unlimited foreign competition. Hence while its building trades number 129,432 persons, these persons support 432,905 members of their families. But the clothing trades, including more than twice as many working individuals, *viz.*, 260,018 workers, support only three-fourths as many members of families, *viz.*, 323,006 persons. Yet it requires as much intelligence to make clothes as to make houses, and machine power can be more largely used in the poorer paid than in the better paid occupation.

The builders, brewers and distillers are, next to the landlords and legislators of England, the producers whose commodity is least importable, and is least subjected to foreign competition. The land, and the laws, the buildings and the beer of England cannot be imported, and their production has the most rigid and peremptory protection. Hence we find the land-owners, legislators, builders and brewers getting the largest pay for the shortest day's work. Nor do they appear to have any desire to open England, in these commodities, to the markets of the world. It is impossible to point out by more than a few examples like the above, the important economic quality of Mr. Booth's work. It will form one of the mines in which theoretical economists will delve for confirmation, correction and comparison.

Les Questions Agricoles d'Hier et d'Aujourd'hui. Par M. DANIEL ZOLLA. Paris: Felix Alcan Editeur. 1894. pp. 382.

This book is not written specially for farmers. The author is professor at the Ecole Libre des Sciences Politiques in Paris, and discusses economic as well as scientific questions,—systems of land tenure and the credit institutions prevailing in France, schemes of co-operation among agriculturists, methods of taxation and irrigation as.

well as those of cultivating potatoes, of feeding the cows, or of grafting French vines on American stocks as a means of overcoming the phylloxera. His purpose is to explain how the past history of agriculture in France has produced present conditions and what are the most hopeful means of improving the future.

Hitherto the rôle of the agriculturist has been one of comparative isolation. His methods have been primitive and the results commonplace compared with the methods and products in manufacturing industries which the immense progress in modern mechanical appliances has made possible. Agriculture lags behind because large amounts of capital cannot be concentrated in the industry and machines extensively used in raising wheat, wool or beef. It is to the application of scientific laws relating to the earth and its elements, laws of chemistry and of biology, that, in the mind of the writer, agriculture must look for its means of advancement.

The value of the annual milk, butter and cheese product of France, for instance, is over \$200,000,000. But, M. Zolla thinks these figures can be indefinitely increased. He finds that too often the feeding of milch cows is defective, the selection of the animals is not made with discernment, and that methods of manufacture have not attained the degree of perfection desirable. As a notable example of what can be accomplished under right conditions, he instances the co-operative butter factory established by Baron Peers at Oostcamp in Belgium. Here advanced methods conducted on a large scale have enhanced the value of the product 25 per cent., while the skim milk is utilized in the feeding of pigs and calves with profitable results.

Again, in the culture of the vine, the important fact in the process of fermentation is the transformation of the sugar into alcohol by means of yeasts. But these agents of fermentation do not exist alone. The good yeast is mixed with corpuscles which transform wine into vinegar, the quality of the wine thus depending upon the more or less rapid development of the good yeast, which shall stifle or in some way retard the development of the other ferment. M. Pasteur was the first to isolate the different ferments and to study separately their action. It was he who proved to the brewers that the fermentation of the alcoholic liquid which they used gave to the beer they made a taste varying with the yeast. The almost exclusive employment of pure yeast in breweries is the consequence of the French savant's discoveries.

In treating of the fluctuations in the market price of agricultural commodities, the author holds that natural causes and not foreign

competition have been the chief disturbing factor. He compares importations and prices of beef and mutton for the past five years and shows that the volume of importations increases and decreases as the market price rises and falls. He shows that the importation of foreign wine was rendered necessary by the enormous deficiency caused in the home production by the ravages of the phylloxera; also that, far from having been reduced, the price of wine has mounted with these importations, and that the importations of cereals and cattle have had no appreciable effect in lowering the prices of these commodities in France; that, in fact, prices have ruled higher when the volume of importations was greatest, and lower when the importation, especially of American wheat, had fallen to the minimum.

Common-sense Currency—A Practical Treatise on Money in Its Relations to National Wealth and Prosperity. By JOHN PHIN. The Industrial Publication Co., N. Y. 1894.

Though Mr. Phin expatiates at the length of 244 pages on the principles of currency, it requires but a few lines in which to express his plan. He says (p. 226): "The gold—the standard—should be stored away, safe from loss by abrasion, by shipwreck, by fire, or by hoarding on the part of individuals or of banks, and only to be used as a standard and a regulator. It should not be a legal tender for debts, taxes, customs or other obligations, and neither should it be allowed to form any part of the reserve held by State or national banks. These functions should be entirely performed by a paper currency issued by the Government of the United States, and the gold should be employed for no other purpose than to settle the international balances. And all banks should be prohibited from loaning money on gold, just as they are now prohibited from loaning money on real estate, but for a different and very obvious reason. The national currency should be a legal tender for all debts, public and private, and for taxes, imposts and duties of every kind, and in every part of the Union."

Evidently the "Common-sense Currency" of Mr. Phin is the greenback, pure and simple. We do not grasp the connection between any of the facts or fancies which compose this book and its plan. Mr. Phin claims to derive his theory entire from Ricardo's "Proposals for an Economical and Secure Currency." In the present state of things, when our outstanding greenback notes constitute the siphon by which the gold in the Treasury may be drawn out to any conceivable extent, and when the chief inquiry is how to eliminate the greenback from the situation altogether, a treatise purporting to argue that what it is needed to eliminate is not the greenback but the gold, leaving the greenback our exclusive legal tender, is very much like taking measures near the close of the Noachian deluge to produce just a little more rain.

SOCIAL ECONOMIST

AUGUST, 1895

Financing the United States Treasury.

In an article on Wall Street and the Credit of the Government by the Editor of "*Bradstreets*," in the current *Review of Reviews*, the startling proposition is announced that two firms of London Bankers have taken the United States Treasury under their patronage and protection. Their function is to hold it aloof from the operation of the laws of trade. They prevent it from being called upon for gold for export even at a time when our international balances are such that the rate of exchange indicates that gold can be exported at a profit. It says:

"It is no exaggeration to state that this contract between the syndicate and the Government is a most extraordinary document. Not only did the syndicate agree to furnish gold and restore the Treasury reserve, which they have done, but they agreed to keep the gold in Treasury until October next irrespective of the rate of foreign exchange. Thus during the past few months we have witnessed sterling rates for exchange at a point making it profitable for gold to go abroad, yet none went out. The creation of a credit balance in Europe by the purchase there of about \$32,000,000 in gold, and the sale there of nearly \$35,000,000 worth of American securities within three months, is only a small part of the effort made to maintain a favorable rate for foreign exchange. Evidently the 'financial influence' and 'all legitimate efforts' of this syndicate 'to protect the Treasury of the United States,' when backed

by nearly \$600,000,000 of capital and the influence of the largest bankers in the world, means the ability at times to suspend the operation of the laws of trade. This is true in a sense. As a matter of fact, although not generally known—few, if any, in the Belmont-Rothschild-Morgan syndicate (except those named), know that not only have financial interests of other Governments been made to await on the requirements of the Treasury of the United States, but profitable financial transactions in exchange have been waived, have not been taken advantage of here and in Europe, in order that gold may stay in the Treasury and the credit of this Government be maintained."

No transaction in salvage can be necessary unless a wreck has occurred. It is always impossible to justify the delivery of a ship into the custody of salvors and the payment of a heavy salvage, and at the same time deny that there has been any wreck at all, and allege that the steering and pilotage which preceded the payment of salvage deserve the highest praise. For an independent Government to surrender its Treasury powers to a syndicate to be "financed" is a transaction such as may have frequently occurred in the history of the weaker powers, like Egypt, Mexico, or the Argentine, but is without precedent in the case of the United States or any other first-class power. The attitude in which it places us is that of saying to all the world, "The United States is bankrupt, and there ought, so far as the confidence of the public is concerned, to be a run on its Treasury at this moment for gold; but a couple of London firms, in whom the brokers generally have confidence, have kindly taken charge of the case and we hope none of you have the audacity to attempt a run for gold on banking firms which represent \$600,000,000 of capital."

It is from optimists and eulogists of the existing condition of things that these exposures of its weakness come. These destructive descriptions of the actual status of affairs are expected to inspire the public mind with confidence,

forgetting that such bulletins of hourly change signed by the responsible physicians are never published except on behalf of a very sick patient.

The gist of the case made by the editor of Bradstreet's is that it is now the services which Belmont, the Rothschilds, and Pierpont Morgan are rendering to the market in promoting an active export of American corporate securities and shares instead of gold, which is preventing the export of gold and the drain of gold from the Treasury for that purpose. If a broker calls for gold for export, the syndicate sees that he gets foreign exchange in lieu of it, on which he makes the same premium. The brokers are given to understand that things will be made very uncomfortable for any broker who, in the near future, ventures to ship gold in defiance of the will of the syndicate, and with this hint hanging over them they dare not do it.

The artists who paint these pictures of the syndicate's power, do not seem to perceive that they imply that its power to "hold up" the Government is as great as its power to "hold up" the brokers, and that the contract bears upon its face, the evidence of being the result of the exercise of such a power unflinchingly and unsparingly. If the syndicate can now compel the brokers not to ship gold when its shipment is profitable, they could in February last, with equal potency, induce the withdrawal of gold from the Treasury in any required quantity necessary to compel the Government to resort to the services of the syndicate as it has done.

The syndicate can create another run upon the Treasury at will, and another crisis rendering its own services as salvors of the Treasury as indispensable as they were in February. After October 1st, the right to its good offices will have expired, and the question whether the syndicate will make another borrowing of 3,500,000 ounces of gold by the Treasury, necessary or not, does not seem to depend upon any other exigency than the cold question whether the syndicate would prefer to make \$13,500,000

more out of the Treasury, or to let the time go idly by without profit.

The element we do not like in this situation is the absolute helplessness of the United States as a financial person, and the theory that this helplessness is admirable because without it there could not be these admirable interventions for relief.

Along with the belief in the charming sweetness of these thirteen-million-dollar-spasms of 21 per cent. relief there goes a teleological theory of the causes of the run on the Treasury, which seems to be as essential to its sincerity as a theological creed is to an act of worship. This teleological theory is that the run for gold is due to a fear that the Government will not be able to get gold, owing to the Western and Southern agitation for the free coinage of silver. The history of the restoration of confidence everywhere within six months past, while the silver agitation was, until within the past month, constantly on the increase, shows conclusively that the country can take on a complete return of prosperity in the very hour when the fiery warhorses of silver are prancing into position for battle. The outspoken fervor and numerical strength of the agitators for free silver in the United States has never been so evident as during the first portion of this very period of returning confidence in all departments of industry. If confidence can return by wholesale in the midst of a period when conventions at Springfield, Ill., and Memphis, Tenn., are pressing the claims of free silver, and when the leading governments of Europe are taking action looking toward the restoration of bimetallism, there must be something wrong about the ascription of panic conditions to free silver agitation.

The exasperating dependence of the United States Sub-Treasury, on extemporized aid from foreign bankers, which is brought home to the senses of every American by the syndicate transaction, is a condition of things which calls the blush of shame to the cheeks of every patriot sufficient-

ly intelligent to comprehend the transaction. It is no less than a national humiliation.

The American Treasury needs financing and will continue to do so as long as it is the only debtor in the country from whom gold can be successfully demanded, which means as long as the greenback notes are in circulation. The real achievement to be accomplished is the retirement of those notes. Until that shall be done the Sub-Treasury of the United States instead of being the strong iron chest filled with gold and silver, which Jackson, Tyler and Polk intended it to be, is, in fact, a perpetually exhausted vacuum, with the suction pump in the hands of the public creditors, who have the humiliating power to say how much we must borrow, how often and at what rates.

Nearly thirty years ago, in 1867, Congress, after a brief experiment of the supposed disastrous effects of contraction, enacted that there should be no further contraction in the volume of their notes. Their currency function has so far risen above their quality as a debt that statute law enacts that they shall not be paid off, meaning thereby only that they shall not be paid off in a manner to contract the currency.

Any syndicate of bankers, therefore, which would seek to "finance" the treasury in a manner worthy of the name "finance" in its present exigency, must do so by retiring, without contraction of the currency, the whole of the \$346,000,000 of notes of the Government on which gold is demandable, with no gold to meet the demand. This means that some new, solvent, well-known and amply trusted promissor, or note issuer, must be brought into existence competent to buy in and retire the Government notes by issuing its own notes in their stead, at the same time putting behind these new notes assets adequate to ensure their prompt daily redemption in gold, in accordance with the true principles of sound banking as practised and understood wherever sound banking exists. A Sub-Treasury of the United States without a dollar of assets except what

it borrows, is not a sound bank from which to issue \$346,000,000 of paper money.

The \$346,000,000 of paper money which it has issued is not sound money.

It is, however, a "Bank of the United States," because it has issued this money, but it is an unsound, unscientific and fundamentally unsafe form of Bank of the United States, because its mode of issue is such as to plan no assets for redemption behind its notes. The task before the country and before the next Congress, therefore, is:

First. To awake to the fact that the Sub-Treasury of the United States has for thirty-four years been compelled, by the exigencies of the public debt, to be a bank of issue, and that its issues are large, and must be redeemed and retired.

Second. That to do this, the need is peremptory that it be reorganized into a competent Federal bank, which will have at least three dollars of assets behind every dollar of notes.

The aggregate State, national and private banks of the country represent about thirty-five hundred millions of capital, or ten dollars of banking capital to every dollar of greenback notes needing to be retired by the Government and replaced by the notes of these same banks. These banks are, and for thirty-four years have been, one and all, national, State and private, excluded from the issue of their own bank notes, and have been compelled to bank on a Government note. The bond-secured notes issued to the national banks, though falsely styled bank notes, yet, in their cost, lack of elasticity, absence of redemption, failure to return to their issuing banks and failure to furnish a permanent fund for loans by country and rural banks, failure to promote enterprise, and failure to equalize rates of interest in all parts of the country, and to give low rates of interest in the farming sections, they are, in all respects, not bank notes in their financial, commercial and currency effects, but Government notes only.

Hence for thirty-four years of our history all the bankers of the country have been oppressed in their true function and utility, by being deprived wholly of the power to issue bank-notes. They would gladly place in circulation \$350,000,000 of pure bank-notes in lieu of the Government notes which are now troubling the Treasury, and would profit thereby along with Government and people, because this step would restore to them one of the chief rights which makes the business of banking satisfactory to those who depend upon it for a livelihood.

Nevertheless, the experience of the two wild-cat bank-note periods, from 1811 to 1816, and from 1836 to 1861, one of twenty-five years and the other of five years, demonstrates that no free privilege of issuing bank-notes can safely be given to any system of freely-created banks, unless they are all bound into unity by lesser banks sustaining the relation of branches to the greater, as in the Canadian system. The same principle is illustrated by the British and French system of to-day, and as respects redemption of notes by the former Suffolk bank system of New England, the branch system of the State Bank of Indiana, under the presidency of Hugh McCulloch, and the two banks of the United States. The latter, during their continuance, redeemed all bank-notes, not merely for their own branches, but for all the banks of the country. The objection to the system of financing the Treasury, now being carried on by the Belmont-Morgan-Rothschild syndicate, is not merely that it is an act of executive assumption without authority of Congress or of law; not merely that it is foreign, destructive of the very credit it assumes to sustain, costly, temporary, bungling, inartificial and inadequate; but mainly and chiefly that it leaves the Sysiphean Boulder resting over the Treasury in increasing weight and volume the moment the shoulders of the syndicate are withdrawn. Our prime objection is that it is not "financing" at all, but merely making the most profit that can be made out of a debtor's exigency without setting him on his feet or in any

way lightening the burden of the exigency itself. It is not the fault of the syndicate that their aid has this narrow scope, because their sole business is to lend money and not to step into the shoes of cabinet members and show how national debts can be converted into national blessings, or how a nation can unload itself of the " fiat money " that is distressing it. It might be even an act of impertinence on the part of the intelligent gentlemen composing the syndicate, to suggest the measures needed if they knew what they were.

The fact to be recognized is that the President in person, acting over the head of the Secretary of the Treasury has acknowledged a wreck by passing the ship over to the Salvors, while she lay in the trough of the sea, the waves sweeping over her decks, and the bilge-water rising in her hold. Nothing is being done by the Salvors except to keep her from sinking and to pocket the salvage, without in any way removing her from the condition of danger or towing her into port.

True financing would consist in placing the Treasury where no further run could be made on it for gold but where the banks of the country, instead of the government, would become the source of gold supply.

The national banks alone have about \$1,000,000,000 of capital, and \$1,800,000,000 of deposits, and a like amount of secured loans. The State and private banks aggregate nearly as much more. The federal treasury is as deeply in the trough of the sea to-day as it was in 1816, when nearly the whole paper currency of the country was at a discount of from nine to twenty-seven per cent., and the Government could get no gold because it was obliged to collect its revenues in this depreciated money. Instead of going to foreign financiers as Cleveland does, begging them to lend it gold for bonds, the Government organized the second bank of the United States, with \$35,000,000 capital, which, within two years, brought all the banks of the country and the Treasury of the United States to specie payments, paid

off to the Government in gold, at a high premium, the \$7,000,000 of national bonds which the Government had purported to subscribe toward the enterprise, and which had never cost the Government a cent, and actually paid beside into the treasury eighty-five thousand dollars a year for the privilege of financing the Government's credit, collecting its revenues without loss and without pay, transferring its funds without cost, and delivering the country from the curse of "wild cat" money without the loss of a dollar to the note holders.

There is to-day no choice of expedients left in financing the Treasury of the United States. The retirement of the greenback issue can easily be effected through the consolidation for redemption purposes of the Banks of the United States and the distribution of the Greenback issue among the banks severally in aliquot parts proportionate to their capital, or through the creation as a substitute for the present foreign syndicate of a Federal Bank of the American Union with a capital of one hundred millions.

All the talk that goes on in any quarter about "Sound money" is vapor and wind, if it fails to provide for such a reconstruction of banking, as will put out of existence our vast issue of fiat money.

Any true effort to give the country sound paper money as well as sound metallic standard implies the unifying of all the banks of country from the nomadic and sporadic type, into a system of federal union, and the crowning of the unified and confederated banking system with a federal bank with branches after the model of the banks devised in 1791 by Hamilton and Morris, and in 1816 by Madison, Gallatin and Dallas. The functions of such a bank will be in part (1) to maintain and enforce redemption of all bank notes in gold by whatsoever bank the notes shall be issued throughout the United States; (2) to insure the Government Treasury of the United States against a run for gold on any and every possible demand by so utilizing and financing the credit of the United States that the more debt it owes

the more it will attract gold, and the larger its payments the greater will be its means of payment; (3) to promote low and equal rates of interest throughout the United States and freedom, elasticity and energy in production; (4) to attract foreign trade by presenting to foreign merchants an institution of as great power to loan bank credit in all parts of the globe as any in the world. This will aid in realizing the aspiration of Webster that he might see "the glorious ensign of the republic still full high advanced, known and honored throughout the world, and bearing on its ample folds as they float over the sea and over the land, and in every port of the habitable globe, no such miserable motto as what is all this worth, nor those other words of delusion and folly, liberty first and union afterwards, but streaming all over in characters of inextinguishable light those other words dear to every American heart, of Union and Liberty, now and forever one and inseparable."

Wages.

BY LORD TENNYSON.

Glory of warrior, glory of orator, glory of song,

Paid with a voice flying by to be lost on an endless sea—

Glory of virtue, to fight, to struggle to right the wrong—

Nay, but she aimed not at glory, no lover of glory she:

Give her the glory of going on, and still to be.

The wages of sin is death: if the wages of virtue be dust,

Would she have heart to endure for the life of the worm and the fly?

She desires no isles of the blest, no quiet seats of the just,

To rest in a golden grove, or to bask in a summer sky:

Give her the wages of going on, and not to die.

Protection and Farmers.

We are constantly receiving fresh evidence that the doctrine of protection as a national policy is still very imperfectly understood. Because protection is used to promote the development of industry, many people assume

that they are justified in demanding, in the name of protection, that the Government shall do for their industry whatever is necessary to make it profitable. If such special protection is not conceded, they threaten the party with political disintegration by either joining the opposite party or forming a third party, or doing whatever is necessary to punish those who do not favor their demands.

The attitude of free-silver advocates is a case in point. They insist that silver is entitled to protection as much as is woolen cloth, silk, pottery or any other American product. To them the adequate protection of silver means that the Government shall buy all the silver they produce at \$1.29 an ounce, whether it needs it or not, solely to keep the price of silver up to that figure, insuring a profit of from forty to fifty per cent. If this kind and degree of protection is not conceded by either the Republican or Democratic parties, the free-silverites threaten to organize a free-silver party.

Under fear of this threat of secession, the recent national convention of the League of Republican Clubs at Cleveland, did not dare take vote on the silver question, although there was a majority of about four to one against free coinage.

This claim is entirely inconsistent with the doctrine of protection. Protection is not the doctrine of Government ownership, either of production or products, but of protecting the opportunities of Americans to produce for and sell their products in the American market. For the Government to assume the responsibility for either producing or purchasing products is purely paternalism, not protection at all. If this were distinctly understood, neither silver producers nor producers of any other commodities would ever think of demanding as the price of political allegiance that the Government should become the "unlimited" purchaser of their ware at a fixed price, equivalent to nearly double the cost of its production.

Another scheme similar in principle, though different in detail, is now being organized to procure protection to all

farm products. The movement has its rise in California, and is said to have received the endorsement of the Chambers of Commerce of San Francisco; Portland, Oregon; Seattle, Washington; and several other cities.

The special grievance, to remedy which this movement is being organized, is that hitherto our protective system discriminated in favor of manufacturers to the great detriment of farmers. According to *Seaboard*, they claim (1) that the price of such staples as "cotton, corn and wheat is not fixed in the United States but is made in Liverpool, the free-trade centre of the world." (2) That "in disposing of his products the American farmer does not receive the full Liverpool price, but that price less the cost of transportation to Liverpool."

From this, it is reasoned that farmers have to sell their products at free-trade prices abroad and less than free-trade prices at home by the amount of transportation, while they are "compelled to purchase the articles they consume but do not produce at protection prices, due to the discrimination of our tariff laws in favor of American manufacturers."

They regard this as a double injustice, and propose as a remedy that the Government give a bounty for all agricultural exports "equal to the cost of ocean transportation to Liverpool." The object of this bounty is to increase the price of all agricultural products, whether exported or not, by the amount that it would cost to transport them to Liverpool. It is the proclaimed intention of this movement to demand that the Republican party incorporate this bounty scheme in its platform of 1896, or, like the free-silverites, they threaten to offer themselves to the Democrats or to the Populists, or, if needs be, organize an independent party on this issue. "For," says their official organ, "the farmers say that they will not longer submit to this injustice. Free trade they do not want and will not have, except as a last resort."

This scheme raises two questions: (1) Are these complaints well founded? (2) Is the proposed remedy a protective measure?

(1) The claim that the price of farm products such as "cotton, corn and wheat is fixed at Liverpool," is one of the economic fallacies that free trade doctrinaires have dinned into the ears of farmers for the purpose of making them believe that they get no benefit from protection. It is not and never was true.

The price of farm products in Liverpool is determined in exactly the same way as is the price of all products in any market; viz., by the cost of continuously furnishing the dearest portion of the supply that the market will take. Now, that is never determined in Liverpool and seldom in England. It is determined in the country contributing to the general English supply whose products cost the most.

For example, in 1892, we had a remarkably good harvest in this country. If the price of wheat had depended upon the American market, it would probably have fallen below fifty cents a bushel, but the crop of Russia was very scant, and the cost per bushel in Russia, therefore, was exceptionally high. Since the Russian supply was necessary to the English market, all who contributed to that market got the same price as did the Russians. So that notwithstanding the low cost per bushel through our large crops, the price, being determined by the high cost of Russia's product, was from fifteen to twenty cents a bushel higher than it otherwise would have been.

This high Russian cost of production gave large profits to American farmers. The operation of this law of prices was clearly shown in the following year. In 1893 our total wheat crop was over a hundred million bushels less than in 1892, and yet the price fell to ten cents a bushel less than in 1892. The manifest reason for this was, that there being no failure of crops in Europe the dearest portion of the world's supply cost less than did the Russian crop in 1892.

This talk about the price of wheat being fixed in Liverpool is a pure delusion that should long since have been abandoned. The price of wheat is fixed sometimes by one

country and sometimes by another, but always by that country whose crop cost the most per bushel to raise and deliver to market.

The complaint that "in disposing of his product the American farmer does not receive the full Liverpool price but that price less the cost of transportation," is another delusive statement. It is intended to convey the idea that when American farmers sell their products at "free trade prices" in England they are selling at the lowest price in the world, and out of this price they have to pay the cost of transportation. The sophistry of this would do credit to the *Evening Post*. Instead of England being the point of the lowest price for wheat, it is the point of the highest wheat price in the world. As we have more than once pointed out, England pays more for her breadstuffs than any other country. All products are cheaper at the factory or farm than in the retail market, because transportation and other costs have been involved in getting them to the market.

That is why the price of wheat is always higher at Chicago than at the farm, and higher in New York than at Chicago, because each point removed from the farm involves an added cost of supplying wheat. This is shown by the following table:

	TOTAL CROP.	PER CAPITA PR'DUCT	PRICE AT FARM.	NEW YORK PRICE.	DIFFER- ENCE.
1880.....	498,549,868	10	95.1	123.5	28.4
1881.....	383,280,090	7.5	119.2	139	19.8
1882.....	504,185,470	9.6	88.2	109	20.8
1883.....	421,086,160	7.9	91.1	113	21.9
1884.....	512,765,000	9.4	64.5	84	19.5
1885.....	357,112,000	6.4	77.1	93	15.9
1886.....	457,218,000	8	68.7	87	18.3
1887.....	456,329,000	7.8	68.1	88.5	20.4
1888.....	415,868,000	6.9	92.6	105.37	12.77
1889.....	490,560,000	8	69.8	83.25	13.45
1890.....	399,262,000	6.4	83.8	103.37	19.57
1891.....	611,780,000	9.6	83.9	104.5	20.6
1892.....	515,949,000	8	62.4	76.7	14.3
1893.....	400,000,000	6	52.1	67.56	15.46

In the same way, and for the same reason, the English price of wheat is always higher than the New York price.

The correct statement is, that the American farmers get in England the American price, plus the cost of transportation. England has to pay this cost of transportation as the penalty for having destroyed her own agriculture by her free-trade policy.

In the case of corn, this Liverpool-price fallacy is still more obvious. The price of American corn is wholly fixed in this country, as not enough is exported to speak of, and what little is sent abroad is sold at the American price, plus the cost of transportation.

The basis of the complaint of this agricultural crusade is clearly fallacious. It begins with false economics, and naturally ends with bad public policy.

(2) Is a bounty on exports equal to the cost of ocean transportation, a protective measure? We are assured that, "by the payment of a bounty equal to the cost of transportation, the American Government would enhance the price of our farm products by exactly the cost of such transportation, not alone of that exported, but that consumed in the United States as well."

The mere statement of this proposition shows that it is not protective at all, but pure paternalism. Its object is not to protect the opportunities of American farmers to produce for and sell in the American market, but to make the Government pay the freight of all exported farm products, and make the American consumers pay an equivalent amount for all that are not exported. It would be a tax on American consumers and on the United States Treasury for the sole purpose of raising the price of all agricultural products, without having the slightest protective influence. It is exactly like asking the Government to give every farmer a check on the United States Treasury once a year equal to what it would cost to send his entire crop to Liverpool, even though he did not send a bushel. Just a Christmas present, pure and simple, is

what it would be. The sole object of this bounty is not to develop an industry, but to insure the farmers of a profit on all they produce at least equal to what it would cost to send it to Liverpool. This is the economic turn of the demand that the Government shall buy all the silver produced at a fixed price double its economic value, to insure a profit to silver producers.

As before stated, the object of protection is not to pay the freight of American products to foreign countries, but to protect the American market to American producers. This bounty has absolutely nothing to do with the American market, except to raise the price. If there is any danger of foreign producers driving American farmers out of the American market, through the use of cheaper labor, then there is a legitimate cause for protection. But such protection must come, not in a bounty paying the freight of exports, but by a duty levied on imports.

Moreover, bounties seldom protect, and when they do they are the worst form of protection. To the extent that they stimulate industry, they deplete the Treasury and thus tend to bankrupt the Government in proportion as they succeed. Import duties on the contrary, if they are not protective, always yield revenue to the Government, and when protective usually exercise the double function of securing a competitive opportunity for home producers in the domestic market and also contributing to the support of the Government. Again, the true object of protection is to encourage the development in this country of industries that contribute to the symmetrical development of the nation. This bounty scheme would have exactly the reverse effect from that. It would be making the American people, by an actual levy upon the Treasury, contribute to the cost of supplying Europe with agricultural products and so tend to make the United States more and more an agricultural country; the hewer of wood and the drawer of water for Europe; which is exactly what England has been struggling for during the whole century.

Now, it is precisely against that result that we need protection. The symmetrical development of the United States as a nation demands that we have the greatest diversification of industries; that the rough, crude industries, such as digging coal, iron or other raw material producing occupations should be developed only to the extent of supplying the needs of our own country and that the great development should be in the artistic industries where more skilled labor and greater socializing life accompanies the occupations.

Instead of becoming a nation of miners and farmers, increasing our numbers by immigration from the poorest agricultural population in Europe and depending on foreign countries for our markets, we need to develop and protect the diversification of industries and enlarge our home market for agricultural products and so improve the industrial and social condition of the mining and agricultural population commensurate with other industrial classes.

In other words, it is the possibility of the American market and the influence of American life and conditions that must be protected to our agricultural population. It is exactly in this direction that American farmers have received the greatest benefits from the protective policy. Nothing could be further from the truth than the statement that American farmers pay higher prices for their manufactured wares by virtue of protection. In reality, there is no class who have received so much advantage from protection as have the farmers.

Protection, through its encouragement to manufacturing and commercial industries and the development of city populations, has given farmers the best market in the world. It has given them the advantage of improved methods of transportation in farming implements and in clothing, which agricultural influences alone never could have produced.

As to the lowering of prices. The prices of manufactured products, taken as a whole, have been lowered nearly

ten-fold as compared with agricultural products. In fact, the price of many agricultural products has not been lowered at all; beef, mutton, eggs, butter, etc., are higher now than they were three-quarters of a century ago, while nearly all manufactured products have been reduced from twenty to eighty per. cent.

All the great wealth, cheapening processes, of which the farmers have had the same advantage as everybody else, have come from the development of manufacturing, commercial and artistic industries. It is the development of these that has brought about the great inventions that have carried, and are carrying every day, civilization to the farm, which the farm itself never would, never did and never could have produced.

The plea that farmers have been injured by the development of manufacturing industries is one of the worst heresies of our time, and those who advocate it are the real enemies of the farmers. In all the schemes of Populism nothing has hitherto been proposed which savors more strongly of economic insanity than this to give a bounty on agricultural exports. It is contrary to every principle of economic and national development. It is the advocacy of such paternal schemes as this that brings protection into disrepute. It is time that a sharp and broad distinction was drawn between protection and paternalism. A distinction so clear that absurd projects like asking the Government to purchase the product of one industry or pay the freight of others merely to insure profits could not be publicly announced without relegating its author to economic oblivion.

Schools of the Practical Arts.

The growing success of the Textile School in Philadelphia, witnessed by the official visit of a special committee of the Legislature of Massachusetts, during the past winter, has led to the organization of a similar Textile School at Lowell. Augustus Lowell, President of the nu-

merous Lowell companies, is first incorporator, and A. G. Cumnock, W. S. Southworth and numerous other of the leading manufacturers, are Directors of the new venture. It declares its purpose to be that the School shall be in the hands of the textile manufacturer, and that the instruction should be such as will be requisite to furnish them (the manufacturers) with competent and efficient assistants and employees.

“ We are to cater to the needs of the industry, and in so doing benefit the student, the manufacturer and the State.

“ As we have a complete public school system we shall not have to burden ourselves or incur the expense of preparatory courses. The public school system must provide these and fit for our school those who desire to take the regular course therein. There will, however, be what may be called popular courses in the evening for those who are now employed in the mills and desire to pursue certain lines of study, and series of lectures with stereopticon illustrations on fibers, etc.

“ The School is, as you will perceive, thoroughly practical. The student enters with a definite occupation in view, and the instruction is directed to fit him to enter upon it with immediate earning capacity. A feature of this work that should not be overlooked, is that it offers an opportunity to the capable and ambitious operative or working man and working woman (for the School is to be opened to both sexes) to rise, and thus relieve the pressure from below which is the cause of the most serious labor disturbances.

“ A student, to enter the School for the full course, should be well advanced in drawing and well grounded in mathematics and chemistry. Textile design and mechanics will necessarily be the leading feature of the School, and thorough instruction in coloring, dyeing, printing, spinning, weaving fibers and all the processes of textile manufacture will be provided for.

Our many schools for theoretical education will watch with interest the Lowell and Philadelphia experiments in teaching in school fashion the practical arts. The difficulties in the way of the work are what have heretofore most firmly impressed American educators. Such institutions tend to drift back into schools of theoretic, general and even classic instruction as if by a latent undertow in the tide. In almost every State are precarious and shadowy remnants of the attempt once made in Congress to endow, out of the public lands, one school in every State wherein practical agriculture and the manufacturing and mechanic arts should be taught. In these the agricultural instruction has become a dissolving illusion. The single professor of agriculture is a gentleman who knows Latin and Greek well, but he could not pick out a colt worth \$7000 from a yard full of common cobs. Perhaps, also, it has a chemist, but it is one who could not refine petroleum or sugar if he tried, nor make a soap, an ink, a dye or any other chemical compound which would sell in any market or meet the want of any customer.

What has become of the clause in Stephen Girard's will requiring that every orphan in the college called by his name should be taught a trade? It is dead as that other queer clause requiring that no preacher or minister of any Christian denomination should cross the threshold of Girard College.

Sir Thomas Gresham tried to found a college in London which would teach natural and applied science and the practical arts, to the exclusion of the classics, languages, logic and metaphysics. He suggested astronomy, geometry, physic, law, divinity, rhetoric and music. Astronomy would be taught by the telescope, geometry by the theodolite, physic by the pill and plaster, law by the statutes and cases, divinity, doubtless as Spurgeon and Moody teach it, by actual preaching, rhetoric by reproducing the great masters of eloquence, whether written or spoken, and music by sitting at the feet of Paginini. How rare are teachers

for such arts. And equally rare would be the pupils. Only the great practitioners in art can teach the practical in art; and the great practitioners are such busy men! Think of asking Brougham to teach eloquence, Hamilton to become a lecturer on statesmanship. What would become of his class while he was talking for a fortnight to get New York into the Federal Union? Military, naval, medical and law schools have done some good in teaching practical arts. Commercial schools have obtained a profitable clientele. True, the bookkeepers they turn out seem crude to the experienced merchant. So does the cadet, entering upon his first engagement, to the veteran of many battles. The cadet deploys the platoon, and loads, aims and fires the gun. The missing load which makes his study harmless will be supplied hereafter. The physician is less fortunate. Until he has received his diploma he may not perform the first experiment, by pill or plaster. He may cut up the dead, but the living he must let alone.

Hardly a speaking acquaintance exists between theoretical Science and practical Art. They utter a different language, and have no common translator.

The chemist looks at matter through an atomic theory, though no one knows the atom. With as great fluency as if he were measuring sugar from a scale he will tell you how many of these hypothetical atoms (which are as unknowable as any defunct theology) starch loses to become sugar, and how many more sugar loses to become alcohol. The people who make and sell starch, sugar and alcohol, know as little of these atoms as the native Egyptians of Moses.

The practical electricians, like Edison, steer clear of all scientific theories concerning the nature of electric force, upon which volumes of ponderous and nearly useless speculation were written by Euler and others when the application of the electric forces was in its infancy. As the electric arts multiply they furnish us with so much study in the "how" that we shrink at the audacity of asking for the

"why." "The vibratory theory of light is assumed by some physicists. But all the arts of optics and stereoptical analysis get along as well in the hands of men who deny that the phenomena of light are explainable as a vibration, as in the hands of men who will tell you exactly in millions and sextillions of quivers how many more shakes there are in the yellow than in the red ray. Absence of theory in education is not a symptom of superficiality, but of the modesty which declines to affirm anything whatever concerning ultimate causes. Producing immediate effects is practical art. Study of processes, which is essentially the study of the "how," in place of the "why," is all there is of the practical, and it ignores the causal, except as it is the relation of one practical effect to another.

The movement toward textile education in manufactures is indeed an exigency of the American manufacturer's present situation, but it is much more. It is the outcome of an aspiration toward instruction in the useful arts, practically, undeterred by any anterior waste of force on speculative theories, which has for a quartercentury or more been struggling to express itself in schools of professional training of all kinds, in schools of applied design, in commercial colleges, schools of manual training, cooking, schools of mines and the like.

Men who have graduated for a life of dialectics by the study of the classics and logic have, instead of continuing farther upward the foundation thus laid, become tradesmen, bankers, farmers and manufacturers.

They have to build for themselves a superstructure for which they have no foundation, and to discard the collegiate foundation for which their life work forms no superstructure. They buy newspapers without understanding printing, factories without knowing dies, and mining lands without expert knowledge of mining tests and laws. They farm without capacity to mend a door, to change a soil, to comprehend the ailments of animals, or to bud a fruit tree.

The feeling is very general that our schools ought to

teach the average youth how to work if a man, and if a woman, then how to make a home. The old idea that this is sordid, and that the young will become sordid fast enough, when they are obliged to be, is yielding fast to the keener perception that the earlier the student learns how to make his income exceed his expenditure the sooner it will be possible for him to learn true generosity.

How this revolution in education is to be brought about, where it is to find its teachers, how the artistic and knowledge-seeking faculty is to be delighted with the useful, as it has hitherto been with the ornamental, is one of the many problems involved in the pressure of society toward practical education.

The progress made by such schools in Europe, though small in contrast with the vast and numerous institutions which adhere to the old curriculum, is yet large compared with the small beginning made in the United States. Philadelphia affords the largest constituency in America for such a school. The textile mills employ 100,000 operatives, all within a car-ride of her City Hall. Starting in 1886 with humble beginnings, the Textile School of Philadelphia instructs from 500 to 700 students. Its pupils and graduates, we are assured by the Bulletin of the Wool Manufacturers' Association, "find its diploma an open sesame to employment in every New England mill town." Massachusetts has more operatives, but they are less favorably situated for attending one school. The four towns of Lawrence, Lowell, Fall River and New Bedford disperse them widely, and almost none of them are in Boston. How all departments of educational work may be concentrated at one point is the first problem. The Lowell school, so far as yet organized, aims to be a department in the Boston Institute of Technology, which is removed from all the four great bodies of operatives.

The school at Chemnitz, Germany, founded in 1857, contains nearly 1,200 students. It is doubtless the model whose work has stimulated the cause of industrial and es-

pecially of textile education in other countries. It includes (1) a high trades-school, (2) a building school, (3) a school for master workmen, (4) school for millers, (5) school for dyeing, (6) soap-making school, (7) mechanical drawing school, and (8) textile school, which covers carding, spinning, individual machines, calculation of loss of power and capacity; theory of the flies, weaving and classifying woven goods, treadle machines, jacquard machines, figuring and lancing, double woven goods; velvets, chenilles, etc., finishing processes and hosiery-knitting. Without going out of the Chemnitz school the student may obtain complete instruction in electricity, paper-making, all branches of iron and steel-making, and mechanism and chemical industries.

The School of Industry and Commerce at Enschede, in the Netherlands, includes one of the most celebrated of the textile schools. Besides this there is a silk-weaving school at Zurich, in Switzerland, special schools for women's instruction in dressmaking, lingerie, cutting, drawing, costuming, pattern-making, etc., at Basle, Chaudeforde, Berne Geneva, besides innumerable schools of watch-making, shoe-making, building, etc., numbering 159 in all, to which the government gives aid, which are attended by 17,000 persons.

In Belgium and the Netherlands schools of technical instruction are attached to the universities. Descriptions of the Bradford Textile College and of a technical school at Leeds, Eng., have been more widely published here. It is conceded that manufactures in the United States, owing to the prodigious strides made during the last thirty-four years, have now reached a point where their further progress and success depends on the supply of workmen possessing the very highest training in their art. Certainly in the interest of the highest development of the American people themselves no educational appliance should be lacking which will give American youth of both sexes a larger diversity of occupation and of grades from which to choose their career.

In what sense can the textile school successfully teach the textile arts better than the factory, and the dye-house? The great stimulants to quick apprehension in the factory are the week's wages on Saturday night, the necessity of keeping a value in the product and an economy in the process sufficient to pay the week's wages, the subdivision of labor between skilled and unskilled workmen, and the prompt utilization of time, tools and materials. These are all absent in the school. While the textile school's real product will be instruction, and not commodities, yet it will, as an incident to its instruction, take in raw materials and turn out a manufactured product. To cover the textile field, its looms should represent elementarily every department, from carpets and canvas, to ribbons and velvets. To subordinate labor to instruction it must conduct its examples in practical industry at a loss. So far as its product shall in cost exceed its value, it will be missing in the very essence of the lesson. Yet to make a product in competition with the factory, and at as low a cost, would be to prove green, unpaid, learning-hands superior to skilled hands in receipt of wages. To turn out an inferior or unmarketable product would certify that the pupils are learning waste of materials. Yet to work the pupils "as convicts work for crime," and to turn out a product inferior to that of prisons, is to convert education into a penal service at hard labor, with a result that disparages learning relatively to felony and illustrates waste, so far as it goes, instead of wealth accumulation.

What the school would do among many other things would be to so educate the pupils in the general elements of every branch of textile art as would make it easy for them to pass from one branch to another, and easy for them to compute the costs of all. Trades unions urge that such schools would, in this way, lessen the tendency to strikes.

It would be feasible for them to choose among the various branches that to which each student would be best

adapted. It will broaden the field in which each graduate can work equally well, rather than make him a better workman in every field. Its influence will be general upon all trades and upon the whole work of education. It will help to lift the skeleton agricultural school out of its classical limbo and set it up with a new faculty. Squeer's plan in Dotheboy's Hall, that when the boy has spelled "onions" he shall "go out into the garden and weed 'em," may be so improved upon as to find as great a source of pleasure in athletic farm labors as is now found in senseless football. Mechanical engineering, mines and metallurgy, live stock and herding, gardening and floriculture, architecture and building, printing, reporting and journalism, pulp and paper manufacture, ship-building and navigation, railway construction and operation, are all as well entitled to schools as the textile arts. Schools of short-hand, telegraphy and typewriting have already done much to revolutionize woman's position and to restore her to that quasi-equality with man in industry which she held before the factory system came in. Then she was the sole spinner, dyer and weaver, and nearly the sole sewer of fabrics into garments. As a consequence of proper schools of instruction woman may resume her ancient position in manufacturing art. She may, perchance, restore the element of cleanliness and taste to the kitchen, may make cooking a fine art, as it intrinsically is, may redeem the art of garment making from the sweat shop by applying to it her competitive zeal and emulative spirit, may maximize marriage and minimize divorce, in the way in which it can most effectively be done, viz. : by making it cheaper and more economic as well as more social and pleasurable to live in marriage than to find a home at the club.

America and Europe are drifting into a cycle of active exaltation of the physical life, not unlike that of the ancient Greeks when they measured time by the periods at which their games recurred. It is expressed in athletic types of action—the yacht, the bicycle, mountain climbing, boating,

rating. Especially in the colleges muscle commands respect over scholarship, prowess supersedes speculation. Men seem, in the midst of learning, to be hungering to get back to physical toil and manual power. Men do not care for the theoretic side of science, but only for its practical results. Society is not influenced by the speculative side of theology or philosophy. It judges of churches as it does of shops and factories, by the product they can turn out in the form of the good they do. This, their true "worthship" is felt to be the substance of worship, of work, and of all true worlds. Education, under this new power, is like the sea heaving into billows under the pressure of Eolus. Leisure reaching the masses makes them busy and vigorous in their play. It is the leisure that covets a more restless physical action. This idea, now the common energy of all, was once a theory in the mind of a soothsayer, and he expressed it thus:

To know that which before us lies in daily
life
Is the prime wisdom. Aught beside is
vanity or worse,
And renders us in things that most concern our weal
Unpractised, unprepared.

The Cost Theory of Value.

In its advocacy of the free coinage of silver *The American* (Philadelphia) is led to an attack upon the Cost of Production Theory of Value under the heading "Fallacy That Minimum Cost Measures Value." It says: "Quite frequently we hear the assertion that silver, being produced at thirty-five cents on the dollar, or even less in some favorably situated mine, it is not fit for use as money because its value must conform to this cheap cost of production. This statement, that the cost of the production of silver in the richest mines regulates the price of silver, is all the

more extraordinary in that such an explanation of value has not found place in any book on political economy in the last century."

It would be interesting to know who it is that the *American* "vuite frequently" hears asserting that the value of silver "is governed by the cost of production in the richest mines." A great many absurd things are said in the name of economics, but this is one we had not heard. It looks wonderfully like a man of straw. We have heard of the objection that silver cannot be admitted to free coinage because its cost of production is now so small that its free coinage would swamp gold and drive it out of monetary circulation. Not because the thirty-five or fifty cents on the dollar was the cost of production in the richest mines, but in the relatively poorest mines now being used, in which case the objection to free coinage is obviously well founded.

The *American* then attacks what it calls "the Ricardian School of Economists, whose teachings the gold monometallists are prone to follow." It states the well-known Ricardian theory of rent, and says: "Applying these rules to silver, its value would not be regulated by the minimum cost of production but by the maximum cost of production; of course, excluding the cost of production in mines opened and then abandoned because unprofitable. If the value of silver was thus fixed by the maximum cost of production, it would be worth at least double the coinage value."

Unfortunately, the *American* takes no pains to substantiate this conclusion. We should be very much interested to know by what logical process it arrives at this result. If there is any meaning to the assertion that "If the value of silver was thus fixed by the maximum cost of production, it would be worth at least double the coinage value," it is that people are continuously producing silver and sending it to the market at a cost twice what they get for it. This implies either that they are idiots or else that their

capital is so invested that they would lose more by closing down than even selling at a fifty per cent. loss. Now, silver miners are not idiots, nor do they continue to produce at a loss. Statistics show that the production of silver is continuing, and even increasing, at the present low price, which proves that miners are not generally producing at a loss. On the contrary, all the evidence seems to justify the conclusion that "if the value of silver was fixed at the maximum cost of production" (that is, the cost of the dearest portion continuously supplied), it would be worth just about what it is now being sold at, and the proof of it is that the mine owners are going right on producing it and selling it at that price.

The *American* then says: "The doctrine of Ricardo is, however, palpably false. Value is not fixed by the maximum cost of production, nor is rent derived from the superior advantages of productive capacity that one farm or mill has over another. * * * The rent which a factory will command is the sum equal to the annual interest on the amount of money that it would cost to duplicate the factory with improved appliances. It is perfectly clear that no one would rent a factory for twenty thousand a year when he could borrow the money and duplicate it for ten. It is an amount equal to the interest on a sum of money that it would take to duplicate a factory, or farm, or mine, that can be obtained as rent and fixes the value of those already in use. This is the unassailable law promulgated by Henry C. Carey. It is not the cost of production, but the cost of reproduction, that regulates values."

This is, indeed, "the law promulgated by Henry C. Carey;" but it is not unassailable on that account. It is just this principle of the "cost of reproduction" that constitutes the error in Carey's doctrine. If instead of saying the cost of reproduction, Carey had said the cost of continuous production, his law would have been unassailable, and we are not quite sure that is not what Carey really had in mind. The interpretation given to it by the *Ameri-*

can makes it obviously false. Quite as erroneous as anything Ricardo ever taught.

Of course, no person in his senses would pay twenty thousand a year for a factory when he could duplicate it for ten thousand. Whenever people invest in an enterprise, they never invest at maximum-cost conditions. They always try to invest at the minimum cost end. For instance: if a person was going to build a factory, he would not build with the poorest machinery, but with the best; or if he wanted to buy silver mines, he would not buy the poorest and least profitable, but would try to buy the richest and most profitable mines. These after a time gradually become the dearest by the introduction of better methods or discovery of better mines by other investors. By this process, the best are constantly becoming the poorest. There are in every industry people occupying mines and factories that could be duplicated for very much less than they originally cost, but they could not sell and buy new without a very great loss—a loss that would probably make the new investment cost as much as the old. Hence, they continue to use the old as long as they can do so without loss, and not infrequently after that point is reached, in the hope that they will do better very soon. It is just in this way that the dearest portion at any given time has become the dearest. The dearest portion of any product is never produced by the newest investment unless they are very badly made. So long as the market will take the product of the poorer factory, the cost of producing by its poor methods will determine the minimum price for the general product. All producing at less cost per unit will have the difference in profits.

By continuous production, we mean the continuous production by this expensive factory or mine, and it is quite possible, we think, even probable, that this is what Carey meant by reproduction. That he meant the replacing of the product the next day and the next, and not the reproduction by new investment. If, however, he

meant the latter, he was clearly wrong, as all the facts of every-day experience are against him. If he meant by reproduction the continuous production day after day and month after month, then he was entirely right, and his law is unassailable, only it is not the law that the *American* is advocating. It is the law that prices in any given market tend to a uniformity on the basis of the cost of continuously supplying the dearest portion the market will take. The difference between that and the portion produced at less cost, constitutes either the profit of the investor or the rent of the land-owner, whichever factor is the cause of the lower cost.

The statement that "Taken as a whole, the gold and silver mining industries are unprofitable, more money being spent in obtaining the gold and silver than is received for the bullion," cannot be true in the nature of things. No industry would be conducted under conditions in which that were true. It may be that through bad judgment, or what is called "bad luck," so much money has been sunk in mines that yielded little or nothing, that the total amount expended in the whole industry may show a loss; but economic law takes no account whatever of efforts that produce nothing. If half the capital invested in gold-mining was wasted upon digging sand holes, that would not affect the cost of producing the gold or silver that was actually brought to market. It is the cost of getting the gold and silver out of the mines by those who produce and sell it and continue the industry, and not by the cost of those who throw away their money in mistaken ventures. In other words, it is the capital that produces, and not that which is wasted, that counts as cost in economic law.

If the millions that go into bankruptcy are to be reckoned as cost, then there are few industries that are not run at a loss, which, of course, is not true. Only the loss incidental to production by solvent producers, and which must be covered to command their continuous efforts,

affects prices; those whose losses send them out of business have no more effect on prices than if they never existed. As is well known, a large number of gold miners, both in Australia and California, were of this class. They sank large sums in search of what they never found. They paid the penalty by bankruptcy. The value of the gold that was mined adjusted itself, not to the mistakes of these reckless placers, but to the cost that was necessary for continuous production by those who supplied the gold that was actually sold.

If the statement that "Gold can be produced at Cripple Creek, California, for less than four cents on the dollar," is true, it only shows that Cripple Creek is the bonanza point of gold-mining, and yields ninety-six per cent. profit. But why does not the value of gold fall? The reason is obvious. It is because in other mines whose supply is needed, it costs practically a hundred cents to produce 23.20 grains of fine gold

If the *American* will read the Carey formula, "The Cost of Reproduction," as the cost of continuous production, that is reproducing day after day by the same plant and not re-investment in new plants, which interpretation Carey would doubtless accept if he were alive, besides doing credit to Carey, it would then be in live touch with the scientific theory of value as it is with the most modern thought on other public questions.

The Vacuum in Our Currency System.

The United States can do little toward restoring sound money so long as its national finances are the sport and butt of foreign and domestic bankers, owing to the emasculation of its financial power. There is not that solidarity and community of interests between its Government, bankers, merchants and people which exist in Canada, Great Britain, France and Germany and which are essential to a well-ordered State. Its people feel the lack of this solidarity of

interests. This is indicated by the casting of upward of a million votes at the election of 1892 for a party formed on the single issue of securing cheap money and low rates of interest and the splitting of the Democratic party into two factions, one of which identifies "sound money" with mere gold monometallism, and the other of which vociferously demands a free coinage of silver, which would land us straightway in silver monometallism.

It is the peculiar function of banks to make rates of interest low. Where they perform this function the people never get into a rage nor imagine a vain thing about cheap money. The formation of a political party opposed to the existing banks and on the issue of low rates of interest, is the first popular indictment indicating that the banking system is defective. It needs essential reconstruction so that it shall do the work it is set to do satisfactorily to the whole borrowing-class.

We have been thirty years without coin redemption of our paper money. The fact that it is at par with coin is not coin redemption nor any part of it. This is a second conclusive indictment against our banking conditions. A part of this indictment is seen in the fact that our banks hold \$40,000,000 in silver as part of their reserve, while they refuse to receive silver coin on deposit, and that after withdrawing about \$300,000,000 of their bank-notes, once issued to the people, they, without law, issue \$40,000,000 in clearing-house certificates to hide their lack of means of payment.

We have been sixteen years with a Treasury struggling to pay specie on its own notes, and borrowing gold to do so. But no bank in the country acknowledges an obligation to pay coin on any debt, but devolves the sole responsibility for the gold payments, which are essential to pay foreign balances in private trade, on the Government. The Government has no interest in the profits of private trade; why should it relieve the banks from the whole legal burden of supplying by payments any part of the

gold necessary to pay the balance of trade of the country with other countries? A bankruptcy in the failure of our merchants to pay the balance due, if it occurred, would recoil in ruin upon the banks only. It would not seriously affect the Government. We have, therefore, a dis-associated congeries of nomadic banks, which are anarchic in their monetary influence. They are under no legal obligation to protect the Government or themselves from bankruptcy by paying coin. This forms the third indictment against our existing banking conditions.

Finally, the fact that the banks are able to exact bonds from the Government and so run it in debt for the gold necessary to maintain at par the paper medium in which the banks receive all their deposits and pay all their debts, makes the Government the servant of the banks, whereas the banks, if properly organized, would gladly serve the Government. This forms the fourth indictment, showing a comprehensive fault and blunder in the relations of our banks to the Government, which calls for radical reconstructive measures before the demand either of the people for low rates of interest and free banking, or the demand of Wall Street for sound money, can be met and answered.

The penalty which the United States pays for not having a proper banking system at this moment, is seen primarily in the hatred felt for all banks by the people of those sections whose interests the present system does not adequately serve, in the enormous bonuses to foreign bankers to keep in our Treasury the gold with which to maintain the pseudo-solvency of all our American banks, and in the financial divergence and disunion going on between the Wall Street section, to whom the present system brings congested deposits, and therefore "cheap money," and the South and West, to whom it brings no banks and dear money.

The penalty we paid during the war with the rebellion was that of having no institution competent to maintain specie payments while acting as the fiscal agent of the Gov-

ernment. The cost of the war was doubled through the needless depreciation in our debt and currency due to this defect.

The penalty during the twenty-six years prior to the war, of having no national banking institution or organization to maintain specie payments on the part of the dis-united and nomadic banks of the country, was that of having the business of the country periodically first intoxicated and then strangled by periodic issues of irredeemable "wild-cat" bank-notes passing as money, but having no national bank at their head to limit their issues of notes and maintain coin redemption on those issued. This faulty condition of our banking system is not new, but has prevailed with varying degrees of intensity for fifty-nine years.

For lack of this same agency we cannot now keep gold in the country without the signally disgraceful help of foreign banking firms. The Government cannot transmit funds from one part of our country to another to the extent of the moderate sum of \$6,000,000 in gold without paying to express companies a sum equal to the President's annual salary, whereas under the ordinary working of the former Bank of the United States all transmissions of coin were without cost, and the bank paid the Government a net sum of \$80,000 per year for the privilege of rendering its services. It paid off, in solid coin, into the Treasury a Government subscription of \$7,000,000 in bonds towards its capital, on which the Government had never paid a cent, but had steadily drawn the dividends until it drew the principal.

The Government has had to borrow, in two years, \$133,000,000, which is \$33,000,000 more than would be needed to found a government bank with a capital larger by \$60,000,000 than the capital of the Bank of England. Yet the latter easily performs the double function of redeeming all the notes of the United Kingdom in gold, and compelling an importation of gold into the country whenever it is deemed desirable, as easily as our New York City

supply turns water on or off. Our administrators have mulcted the taxpayers of the United States within two years by an increase of debt a third more than the whole capital (which private capitalists, however, would gladly supply) for founding a bank of the United States, or an association of American bankers competent to retire our greenback debt and to relieve the Treasury of all meddling with the currency. Such an institution or association of American banks would attract gold from all the world, as the banks of England, France and Germany, and the Banking Houses of the Rothchilds now do. It would be easy for it, upon principles of mere banking interest, to redeem the circulating notes of every national, State and private bank, in the United States not only, but in the Canadas, Mexico and the West Indies, for the means by which it would maintain redemption in coin, for paper notes would be financial and not legislative.

Under our former Bank of the United States this was all done by one Government bank. In Canada it is done by associated banks. In Great Britain, by both. It would render the withdrawal of bond security from the national banks safe, and the repeal of the tax on notes of state banks consistent with the safety of the public from wild-cat money.

It would send the flags of American merchantmen into every port and harbor of the globe. It would restore in all foreign countries the glory and honor which were once associated with the American name. It would devote fully a third of its capital and deposits, as the two former honored banks of the United States did, to the loans upon bills issued against shippers of merchandise from foreign ports, and to loans upon bills drawn against shipments of merchandise to foreign ports, and to dealing in and issuing foreign exchange. All this is a domain upon which the National Banking Act expressly forbids any of its so-called national banks to enter. With a fresh-water banking law, we are now confined to making bank

loans upon "fresh-water bills," and hence our flag is withdrawn from the ocean.

At the outbreak of our panic in 1893, the leading bankers of Berlin and foremost financiers of Germany, Bleichroder Brothers, when interviewed on behalf of the American press as to the causes of the American crisis, summed it all up in these words: "You need a government bank."

The delegates of all the Central and South American governments in the Pan-American Conference came to no conclusion concerning any of the points our Government had invited them to discuss, but instead, and on their own motion, resolved unanimously that the thing most essential to extend American commerce with the Central and South American States was an international bank, with offices in their various countries.

The two extremes of the people, Wall Street and the Deserts, and even the representatives of foreign commercial powers who sojourn within our gates to consult with us upon the means of extending our commerce with them, are all crying out for that which a reconstruction of American banking only can give them. Whether through one federal bank or an association of existing banks, or both, is a question of means.

About eleven times the American people and Congress voted for a bank of the United States, and only once did Congress vote against it. The largest electoral vote which had ever been cast was for Harrison and a restoration of the bank in 1840. Only the fierce agitation of the slavery question distracted the attention of the people from their settled purpose. The re-utilization of coin in redemption is now the first step in aid of silver. No system of coin redemption is possible except by bank union. A total change in banking conditions is necessary to have a restoration of our merchant marine.

We must have changed banking conditions before we can have those low rates of interest which will irrigate the

desert West, and give the Populist breeding plains and the silver-lined mountains cheap money. It will always be increasingly difficult to maintain the Union, or to carry on a foreign war with the wretched banking conditions under which we now struggle. Banks may well say to the Constitution, "Before thou wert, I am." Our national Government was preceded in existence and in part aided in its birth by a Government bank, instituted in 1778, to aid us in carrying on our War for Independence from Great Britain. Both the Republican and the Democratic parties inherit the traditions and antecedents which prepare them to understand the advantages of banking; the first bank was founded by Federalists, the second by Democrats. Both parties are conscious of the daily-increasing incongruities, costs, perplexities, dangers and embarrassments entailed by endeavoring to run the Government as a machine which can issue notes without means or mechanism for redemption, thus incurring all the liabilities of a Government bank without being one.

The fate of silver in America waits for legal specie payments on the part of bankers and merchants. So long as these make no place in the law for coin redemption on their own promises, there is no legal work for either gold or silver to do. When work is provided for silver to do, and it does it without enhancing its value, it will be time enough for bimetallism to move on.

A Fragment of Banking History.

The Committee of Ways and Means of Congress in 1832 consisted politically of a majority made up of the friends of Andrew Jackson and a minority of the followers of Henry Clay. Its chairman was the eloquent McDuffie of South Carolina, and among its members were Horace Binney of Pennsylvania and ex-President John Quincy Adams of Massachusetts. The report of that committee on February 9, 1832 (twenty-second Congress, first session,

Rep. No. 283), on the question of renewing the charter of the Bank of the United States, was in the affirmative, and condemned Jackson's proposition that a new Government Bank should be organized more exclusively under Government and official control. The report, *inter alia*, said:

"The Committee feel warranted, by the past experience of the country, in expressing it as their deliberate opinion that, in a period of war, the financial resources of the country could not be drawn into efficient operation without aid of a National Bank, and that the local banks would certainly resort to a suspension of specie payments. The maxim is eminently true in modern times, that money is the sinew of military power. In this view of the subject, it does appear to the committee that no one of the institutions of the country, not excepting the army or navy, is of more vital importance than a National Bank. It has this decided advantage over the army and navy: while they are of scarcely any value except in war, the bank is not less useful than either of them in war, and is also eminently useful in peace. It has another advantage still greater. If, like the army or navy, it should cost the nation millions annually to sustain it, the expediency of the expenditure might be doubted. But, when it actually saves to the Government and to the country, as the committee have heretofore attempted to show, more millions annually than are expended in supporting both the army and navy, it would seem that, if there was any one measure of national policy upon which all the political parties of the country should be brought to unite, by the impressive lessons of experience, it is that of maintaining a National Bank."

Afterward a select committee was appointed to examine the books and proceedings of the Bank of the United States, and a minority of that committee, consisting of Geo. McDuffie, J. Q. Adams and John G. Watmaugh, annexed to their report an interesting statement by Nicholas Biddle, the President of the Bank of the United States.

It shows the degree of control exercised by the bank at that time over foreign exchanges and the shipment of gold. This function is the same as that now being exercised by the Belmont-Morgan-Rothschild-syndicate. It is analogous to that for the exercise of which the Pan-American conference declared that an American International Bank ought to exist. The national banks are precluded from dealing in foreign exchange, thus cutting them off from the power to serve the Government in the way it most needs. President Biddle said (Rep. No. 460, p. 322): "In reference to the general operations of the bank in foreign exchanges, it has been considered that the connection of the bank with the business of the country would be incomplete if it did not contribute its aid in facilitating the foreign intercourse of its citizens. When, in the southern states, the crops are shipped to the northern states, their transmission is rendered easy on the part of the bank by purchasing the bills drawn on the north to accompany them. If the same parties, instead of shipping their produce to the north, ship it to Europe, there is no reason why the bank should not afford them the same facility by the purchase of their bills on Europe. While in the south, the presence of a large and constant purchaser thus gives greater steadiness and uniformity to the demand for bills, on which the profit of the southern merchant and planter depends, the appearance in the north of the same purchaser, as a large seller, gives equal advantage to those who have remittances to make to Europe."

"There is, however, a strong reason of general policy why the bank should engage largely in the foreign exchanges. The state of the currency in this country depends mainly on its relations with Europe; and whenever commercial or other circumstances create an adverse exchange, such are the great facilities of intercourse with France and England that an immediate shipment of coin takes place, which necessarily occasions abrupt transitions in the business of the banks, and which, in turn, affect the

community. It seems, therefore, essentially to belong to the conservative power of the bank over the currency, to have the ability of interposing on these occasions, of breaking the shock of any sudden demand, and of giving time to the State institutions to adopt protective measures for their own security. This power is to be acquired only by a large participation in the foreign exchanges so as to enable it, on any emergency, out of its own accumulations in Europe, or out of its established credits there, to supply the most urgent wants of commerce. This it has often done to great advantage, and eminently on the late occasion, when these demands might have pressed with injurious, if not fatal, consequences on the community. The total amount of foreign exchanges drawn by the bank from the first of January, 1831, to the first of March, 1832, amounted to \$11,166,743.10. Of these, the amount paid for the Mediterranean squadron and for diplomatic service on account of Government was \$583,082.42.

John Quincy Adams made a report in favor of the bank twenty columns long, from which we extract:

"The subscriber has long entertained the opinion that the existence of a national bank is indissolubly connected with the continuance of our National Union. The fiscal operations of the Government in all its branches, he believes, cannot, without the aid of such an institution, be conducted, he will not say well, but at all. He does not say that the present bank of the United States is indispensable, and his mind has sometimes hesitated upon the question whether, at the expiration of the present charter of the bank, the establishment of another, though similar, institution might not be more expedient than the renewal of the charter. Inclining rather to the latter of these measures before the institution of this inquiry, he has been very strongly confirmed in that opinion by the result of the investigation in which he shared.

"The management of the affairs of the corporation during the administration of the present president, not ex-

empt from human error and infirmity, has yet appeared to him marked with all the characters of sound judgment, of liberal spirit, of benevolent feeling, and of irreproachable integrity. A large proportion of its officers in subordinate trust are of the Society of Friends, a class of citizens peculiarly qualified for the performance of duties and the exercise of qualities appropriate to the successful management of moneyed establishments, industry, punctuality, temperance, and a conscientious discharge of moral obligations.

In considering the numerous and important public services and the large contributions of the present bank to the Government and people of the United States, he thinks the least return which they are justly authorized to expect from the equity of the nation, is the renewal of their charter. The benefits and profits of the bank have been enjoyed by the nation far beyond those shared by the individual stockholders. Besides the bonus of a million and a half dollars paid to the public treasury for the charter, besides the saving of the expense of loan-offices for the payment of the public debt, principal and interest, besides the obligation of transferring the Government funds to and from every part of the Union, as the public exigencies require—the nation has held one-fifth part of the stock from the commencement of the institution to this time, without payment of one dollar to its capital, until the last two years. It has received the dividends in common with the other stockholders, has exercised the exclusive right of appointing one-fifth of the directors, has been supplied with loans whenever the occasions of the Government have needed them, upon terms more advantageous to the public than could have been secured from any other institution or company of individuals; while the bank, by its salutary control and its universally-extended credit, has compelled the restoration of cash payments, and furnished a currency equivalent, in substantial value, to specie, throughout the Union. These have been advantages of the bank to the nation, while the individual stockholders have realized,

upon their invested capitals, scarcely more than a yearly interest of six per cent., even including the advance of the stock at this time in the market. This circumstance has afforded proof, nothing short of demonstration, of the rashness and folly of all those projects for the establishment of a new bank, which have been presented to Congress, with a lure of enormous premiums, for the grant of a charter.

The views here expressed by John Quincy Adams were endorsed by the American people in the popular campaign of 1840, when William Henry Harrison was elected to the Presidency by the largest electoral majority which had then been given at any election, the issue being the restoration of the Bank and of a Protective Tariff. From carrying out this verdict the people were diverted by the death of Harrison, the recreancy of Tyler, the slavery issue and the Mexican war.

What Brought the Factory Acts.

BY REV. WILBUR F. CRAFTS.

Superintendent National Bureau of Reforms, Washington, D. C.

The horrible cruelty and injustice to which manufacturers subjected men, women and children are recorded not in the literature of agitators only, but in even darker lines in the blue books of the Government, which was constrained by the bitter cry of the oppressed to make an official investigation, which revealed facts that out-Heroded Herod. His slaughter of the innocents, perhaps a score under two years of age, in that little hamlet of Bethlehem is a mere trifle to the child-killing of the British factory owners. Men and women were wronged, also, but it will be enough to show how these Pharaohs of the Oppression destroyed both boys and girls, physically and morally, in those days of the "white slavery."

Children, it was discovered, were transferred in large numbers to the North, where they were housed in pent-up buildings adjoining the factories, and kept to long hours of labor. The work was carried on day and night, without

intermission; so that the beds were said never to become cold, inasmuch as one batch of children rested while another went to the looms, only half the requisite number of beds being provided for all. Epidemic fevers were rife in consequence. Medical inspectors reported the rapid spread of malformation of the bones, curvature of the spine, heart disease, rupture, stunted growth, asthma and premature old age among children and young persons: the said children and young persons being worked by manufacturers without any kind of restraint. Manufacturing profits in Lancashire were being reckoned at the same time at hundreds and even thousands per cent. The most terrible condition of things existed in the mines, where children of both sexes worked together, half naked, often for sixteen hours a day. In the fetid passages, children of seven, six, and even four years of age, were found at work. Children of six years old drew coal along passages of the mines, crawling on all fours, with a girdle passing round the waist, harnessed by a chain between their legs to the cart. A sub-commissioner in Scotland reported that he found a little girl, six years of age, carrying half a hundred-weight, and making regularly fourteen long journeys a day. The height ascended and the distance along the road exceeded in each journey the height of St. Paul's Cathedral.

Not until 1819 were hours limited to twelve per day, for children of nine and upwards, those younger being excluded.

Having read such facts from the Parliamentary reports, one feels an imperative need of Mrs. Browning's imprecatory psalm:—

“ Still all day the iron wheels go onward
Grinding life down from its mark;
And the children's souls which God is calling sunward,
Spin on blindly in the dark.
How long, how long! O cruel nation,
Will you stand to move the world on a child's heart,—
Stifle down with mailed heel its palpitating,
And tread onward to your throne amid the mart?
Our blood splashes upward, O gold-heaper!
And your purple shows your path;
But the child's sob in the darkness curses deeper
Than the strong man in his wrath.

MRS. BROWNING: *The Cry of The Children.*

It was such infernalism that produced paternalism, which began feebly and ineffectually in the first of the factory acts in 1802, a law of value only as the first line in the death sentence of *laissez faire*.

Hardly less incredible than the cruelties of its short reign is the fact that this industrial anarchy was actually defended by such good men as Cobden and Bright, Burke and Macaulay, who, having espoused the doctrine that business needed no government, held fast to that *à priori* theory notwithstanding the *à posteriori* facts to the contrary, written in blood.

But the Ricardian political economy, at first universally accepted, came to be more and more discredited, because of its cruelties and crudities, in spite of eminent and eloquent defenders; in spite of the cry of Liberty, which always has a sort of superstitious influence upon Anglo-Saxons, as if Liberty were indeed a goddess that could not safely be denied even human sacrifices. The *weal* of nations was recognized as more and better than the "wealth of nations."

The chief points in which that political economy has been found wanting are: 1. *It treated economic law as natural law, sometimes as almost mechanical law.* The factories swallowing up children were but sea monsters feeding on fishes—a part of the necessary cruelty of nature, with which man's intellect should not allow his heart to interfere. The declaration that "politics owes no allegiance to the Decalogue and golden rule" is only the doctrine of political economy transferred from business to politics.

Ruskin calls the imaginary "economic man" with which political economy deals, a "covetous machine." As a matter of fact we find that not even bad men, much less good men, are universally controlled by money. Many of the vicious would rather starve in the city than thrive in the country. And there are thousands who, like Agassiz, are so devoted to some noble purpose that they "have no time to make money."

Many scholarly critics of political economy have said

in substance what Samuel Gompers said tersely in a speech at Long Beach, at my Forum of Reforms, that "political economy was written by men who did not know the difference between a law of nature and the law of petty larceny."

Carlyle was the first of that goodly fellowship of prophets that attacked the materialism of political economy and kept alive in the people the intellectual and spiritual faith that there is something nobler for man than money-making, and that even in business one need not forget brotherhood. He was joined by Maurice, Kingsley, Ruskin, Wordsworth, whose white-hot wrath Shaftsbury forged into the best system of labor laws that the world has seen. Thus was disproved the theory that economics belong to that realm of necessitated natural law which is above the control of the human mind. The whole history of economics and labor conflicts rather than confirms the saying of Comte, "Ideas govern the world or throw it into chaos." The false ideas of Ricardo have wrought sad chaos with conscience and commerce, which ideas the nobler ideas of Shaftsbury have in part counteracted, and we also have a part to do in this realm of ideas.

2. *Another error of political economy of the first magnitude was the assumption that competition would be a perpetual check on low wages and high prices.* Competition, when it is finished, bringeth forth monopoly. In 1880-89 competition became a "cut-throat," which term has no reference to the lives of employees sacrificed, but to the fact that rival business men had become unusually active in cutting each other's throats, commercially, by unscrupulous underselling and over-reaching, the upshot of which commercial murders was the commercial suicide of competition itself that it might yield the industrial throne to monopoly, in which traders, tired of cutting each other, unite to rob their customers.

Here the unfinished chapter of human rights finds us at its most difficult paragraph at the gates of the twentieth

century, before the end of which we should have solved the problem of equal rights in production as justly and conclusively as *we have solved in this century the problem of equal rights in politics.*

But the solution of the industrial problem is not an easy one. Two things, however, are clear on the negative side: *First.*—That the old political economy of selfishness is a monstrous mistake, and that brotherhood must be mixed with business in order to save both business and society. The leaders of the new ethical, Christian school of political economy, which is building on the ruins of “the dismal science,” putting the royal law of brotherhood in place of “the iron law” of competition, are unitedly teaching that social problems should be solved through the Church’s aid by the application of the spirit and law of Christ to all associated life. Even those labor reformers who hiss any reference to the Church are unitedly recognizing that only the Carpenter of Nazareth can rebuild us from the ruins of the industrial cyclone of selfish competition and soulless combination. *Second.*—That in the rise of cities, the introduction of machinery, the division of labor, the dependence of each upon all in commercial prosperity, make individual independence in commerce no longer safe, and social control a necessary defence, not an abridgement of human rights.

Debts that Indicate Prosperity.

Ex-Secretary of the Treasury Fairchild said at a recent meeting of the Political Science Club of this city: “If there is any advantage to come to debtors by a change in the currency, New York city will be the greatest beneficiary; for statistics show that in sight of where we are sitting [Hotel Savoy, Fifth avenue and Fifty-ninth street] there are more mortgaged debts than in a half dozen States of the Union. The contrary belief that other localities, and especially the people in the outlying agricultural districts, are to be benefited by a silver dollar, may work infinite harm in our industrial development. The welfare of the

part is the welfare of the whole, and the success of agriculture and commerce is essential to the development of manufactures, of banking and those higher forms of industrial enterprise incident to a complex industrial organization. Debts are a part of this, and are distributed almost directly in proportion to wealth. Indeed, they may be taken as indicative of the prosperity of a community.

Extra Census Bulletin No. 96 deals with the statistics of farms, homes and mortgages. Taking these as evidence of total indebtedness, several interesting comparisons may be added to Mr. Fairchild's. For instance, the incumbrances on farms and homes in New York State more than double the amount on those in all the Southern States from Maryland to Texas, although their total population is four times as great as that of the Empire State. The amount is also over \$60,000,000 in excess of that on the farms and homes in all the States and territories west of the Missouri river, while the mortgages in the seven Central States—Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota and Iowa—are more than \$60,000,000 less in amount than those in the four States—New York, Pennsylvania, Massachusetts and New Jersey.

STATISTICS OF MORTGAGE INDEBTEDNESS.*

IN MILLIONS OF DOLLARS.

New York . . .	380.6	Illinois	177.5
Pennsylvania. . .	211.7	Ohio	131.9
Massachusetts . . .	114.8	Iowa	119.5
New Jersey . . .	91.8	Michigan	93.2
		Wisconsin	78.1
Total	798.9	Indiana	66.7
15 Southern States .	171.9	Minnesota	65.6
15 Western States and			
Territories . . .	316.1	Total	732.5
7 Atlantic States and			
the District of Co-			
lumbia	113.5		
Total	601.5		
Grand total			\$2,132,949,563

* From "Statistics of Farms, Homes and Mortgages," Table 8, p. 12. Extra Census Bulletin No. 98.

These figures as to the distribution of mortgage indebtedness will doubtless be a surprise to many people beside "Coin," but their authenticity cannot be questioned, the investigation having been made under the authority of a special act of Congress and conducted under the direction of Hon. Carroll D. Wright, by special agents George K. Holmes, a professor in Columbia College, and John S. Lord, for many years Commissioner of the Illinois Bureau of Labor. Their significance is even greater than would appear on the surface by reason of the utterly reckless way in which western farm mortgages have been sold on eastern markets within the last ten or fifteen years. Their political effect would be wonderful, if they were rightly presented to the people of the South and West—if, in fact, they could be drummed into the voters, as free coinage has been. And knowledge of these facts should lead Eastern speakers and writers to moderate their utterances, instead of persisting in using abuse for argument, and in accusing a whole section of the country of ignorance, fanaticism and dishonesty, and devotion to supposed local interests. Silver-mine owners are naturally not very open to argument on the question of coining 371.25 grains of fine silver into a dollar. Would farmers be readily convinced of the folly or unwisdom of a policy of national legislation, or care to discuss the intricacies of an international agreement, which would raise the price of wheat or potatoes to a dollar a bushel? Do most manufacturers comprehend the true philosophy of a system of protection to native industry, or study the real identity of interest existing between them and their employees? They rather believe, blindly, that anything which promises to do them so much direct benefit must be for the general welfare. Silver-mine owners are few, however, and possibly not disproportionately dishonest. The mass of the people in every section of the country are both intelligent and honest: they are reasonably ready to hear the truth rationally presented.

The important truth concerning debts, as seen in the

above statistics, is that the poorer and more purely agricultural portions of the country, are not those where mortgage indebtedness on farms and homes is the greatest. Debts abound where there is wealth and industrial opportunity, and because there is industrial opportunity. New York State with six million inhabitants, Pennsylvania with five, and Illinois with four, have each of them a larger mortgage indebtedness than all the Southern States taken together, with a population of twenty-two millions and over. The six States in which the indebtedness is above \$100,000,000, contain only a third of the people of the United States, but their people have borrowed more than half the total amount loaned on mortgages. This difference would be much more striking if statistics were at hand showing the amount of borrowed capital invested in manufactures, in commerce, in banking and in insurance.

Debts, it is true, are often contracted to relieve personal distress, or to prevent a great loss of capital. The merchant whose wealth is in an argosy upon the high seas, will add to his expense for insurance as the ship becomes more and more overdue; and the manufacturer who has invested \$100,000 in machinery for some new process of production, like rolling steel cold, will add another \$50,000 rather than see the whole amount lost. They do this on exactly the same principle that a broker pays, not only one per cent. a month, but one per cent. a day, if a few thousand dollars will enable him "carry" his stock over a dangerous market. In a time of disaster, the captain will sacrifice part of the cargo for the sake of the passengers or the safety of the ship and her crew. But this is not the chief function of debts. It occupies about the same relation to borrowing, as a whole, that auction sales do to the traffic of the merchants.

National debts have grown very largely out of the supposed necessities of war; but the debts of states and cities, in the main, represent investments of capital made with a view to a full return on the expenditure, Govern-

ment credit being used instead of that of individuals, because the amount required was so great, or the time during which the enterprise would not yield any return was so long, that public credit would possibly cost less than private. Nearly all individual indebtedness arises out of efforts to secure a profit on investments requiring a limited time only.

Between the two extremes of the thirty-year loans of a government and the thirty-day loans of the merchant, there is every degree of indebtedness. From the country grocer who borrows \$1,000 stock of goods from a large commission merchant or city retail dealer to the railway or steamboat company, with its half-dozen kinds of mortgages or other liens on the property, each loan implies (1) a capitalist who prefers a definite promise to the uncertainty of engaging directly in a business enterprise himself. He sells to another the right to a share in the profits, in the belief that the feeling of certainty in six per cent., or five, or even four, is worth more to him than the possible profit he could secure by undertaking the management of the work. Each loan also implies (2) a man of business ability who sees not only his own living and the six per cent., or less, which he must give the capitalist to secure control of the capital needed, but an additional surplus over and above all these costs. These are the captains of industry, and society is constantly on the lookout for efficient men from the ranks to fill the places of those who, week by week and year by year, fail in the contest to secure a market for their wares. Where these men abound—men eager to risk the chances of a new investment, and to seek another way by which to compel Nature's forces to work for man, and thus create wealth at lower costs,—there profits are growing, business is brisk and debts abound.

Nor is the supposition that debtors have especial interest in cheap money, and in a depreciated dollar, any nearer the truth than the prevailing idea as to the distribution of

indebtedness. Certainty as to business relations is the one thing needful to success. The harm in a fifty-cent dollar, or in any other than a hundred-cent dollar, consequently, is in the uncertainty introduced, and in the utter derangement of all industrial undertakings which would immediately follow, and from which it takes business men years to recover. Merchants would mark up their stock of goods and manufacturers change price lists as soon as the prospect of depreciation appeared, whether this came from an act of Congress or a reduction in the cost of obtaining the amount of metal which had represented the monetary unit. In most instances the new valuations would be more than proportionally higher. The demands of creditors certainly would be. If there were a reasonable likelihood that the "dollar" were to be made a fifty-cent dollar, every capitalist in making a new loan, or in suffering an old one to stand without collection, would demand and be able to get additional security that he was not going to be paid in a twenty-five-cent or a two-cent dollar. [See Coin's Financial School, pages 109 and 110.] Unless those in debt can immediately get out, once and for all, therefore, scaling down debts, by a change in the currency, may be more unfortunate for them than for creditors. Indeed, no one, save those who merely speculate in money, is interested in fluctuations in the value of the monetary unit.

Land and labor are the last things on which valuations are changed, so that farmers and laborers lose most in getting on to a new level of prices. They are, as a consequence, more deeply interested than other classes in maintaining a hundred-cent dollar, and in having debts paid in full at their face. ARTHUR BURNHAM WOODFORD.

The Manitoba School Question.

The School Question is gradually passing from the state of controversy to that of a public issue. Whether the public schools shall remain institutions for secular education pre-

paratory to the duties of citizenship, or shall be converted into quassi-religious institutions, is the question. This issue is showing itself in every civilized country. It is quite pronounced in England, where the issue is between the Board Schools and the Parochial Schools.

In this country the Parochial School is steadily taking on more formidable proportions. For a considerable time it was thought only to be the whim of a few zealous priests in Massachusetts. The idea that parochial schools would ever make any claims upon the public revenues was scouted as absurd. All that was asked was that the parochial schools should be put on the same basis as the public schools.

That stage has already been passed, and the demand is now beginning to be made that the parochial schools receive their proportion of the taxes, or else that religious instruction shall be introduced into the common schools. About a year ago, Cardinal Gibbons publicly expressed this claim on the ground that if Catholics furnished education they had the same right to public support as other people. This movement was at first confined to Catholics. In some quarters Episcopalians have joined it, and in Iowa and Illinois, Lutherans, Catholics and Episcopalians have all joined and taken it into politics. In fact, it was this issue more than any other which made those two States Democratic in 1892. As a reaction from this movement, the A. P. A. has arisen, and their demonstration in favor of public schools on the Fourth of July in Boston was taken as a challenge against the parochial system by the Catholics, and a riot resulted. All of this shows that the school question is soon to become a national issue in this country.

In view of this fact, the controversy in Canada, where the subject has already produced a ministerial crisis, is of special interest. A very able article on the "Manitoba School Question," by Hugh H. L. Bellot, was published in the *Westminster Review* for July, which, with the permission of Leonard Scott & Co., we herewith reprint.

The Manitoba school controversy has developed from a purely provincial question into one of national concern. Apart from the fact that Canada is one of our most important colonies, this question is of itself especially interesting to Englishmen from several aspects of view. It comprises educational, religious, political and constitutional points of the highest importance. The Conservative press, for instance, is endeavoring to use the conflict which has arisen between the Provincial and the National Governments, as an argument against Home Rule, and to represent the religious conflict as lying between Roman Catholicism on the one hand and Protestantism on the other. A brief sketch of the real facts of the case, which are not and, indeed, cannot be disputed, will show that the true position of the struggle has been much misrepresented in this country.

The religious and educational aspects of the case may be more conveniently treated separately from the political and constitutional.

The facts relating to the former were clearly stated by Lord Macnaghten, who delivered the judgment of their lordships upon the hearing of the appeals before the Judicial Committee of the Privy Council. (*Vid.* City of Winnipeg *v.* Barrett; City of Winnipeg *v.* Logan, L. R. (1892) App. Ca. 445.)

These two appeals were heard together. One was an appeal from the judgment of the Supreme Court of Canada, which had reversed the judgment of the Court of Queen's Bench for Manitoba, which had declared the Public Schools Act of 1890 to be valid. The other was an appeal from the subsequent judgment of the Court of Queen's Bench for Manitoba following the judgment of the Supreme Court. "The judgments under appeal," says Lord Macnaghten in his judgment, "quashed certain by-laws of the City of Winnipeg which authorized assessments for school purposes in pursuance of the Public Schools Act, 1890, a statute of Manitoba to which Roman Catholics and members of the Church of England alike take exception. The

views of the Roman Catholic Church were maintained by Mr. Barrett; the case of the Church of England was put forward by Mr. Logan." Instead, then, of this being a fight between Protestants and Roman Catholics for the possession of the schools, both those bodies appear before the Privy Council making common cause against the non-sectarian school party. Prior to Manitoba becoming a province of the Dominion in 1871, the system of education was voluntary and denominational; after the union a system of denominational education was established. The denominational schools formed under this system were supported partly by the province and partly by special school rates. Lord Macnaghten remarks: "It is, perhaps, not out of place to observe that one of the modes prescribed was 'assessment on the property of the school district,' which must have involved, in some cases at any rate, an assessment on Roman Catholics for the support of a Protestant school, and an assessment on Protestants for the support of a Roman Catholic school." From 1876, however, until 1890, enactments were in force declaring that in no case should a Protestant ratepayer be obliged to pay for a Roman Catholic school, or a Roman Catholic ratepayer for a Protestant school.

"In 1890," continues Lord Macnaghten, "the policy of the past nineteen years is reversed; the denominational system was entirely swept away. Two acts in relation to education were passed. The first (53 Vict. c. 37) established a Department of Education and a board consisting of seven members, known as the 'Advisory Board.' . . . One of the powers of the Advisory Board was to prescribe the forms of the religious exercises to be used in schools."

The second (53 Vict. c. 38) enacted "that all Protestant and Roman Catholic school districts should be subject to the provisions of the act, and that all public schools should be free schools." The provisions relating to religion are as follows:

"6. Religious exercises in the public schools shall be conducted according to the regulations of the Advisory Board. The time for such religious exercises shall be just before the closing hour in the afternoon. In case the parent or guardian of any pupil notifies the teacher that he does not wish such pupil to attend such religious exercises, then such pupil shall be dismissed before such religious exercises take place.

"7. Religious exercises shall be held in a public school entirely at the option of the school trustees for the district, and upon receiving written authority from the trustees it shall be the duty of the teacher to hold such religious exercises.

"8. The public schools shall be entirely non-sectarian, and no religious exercises shall be allowed therein except as above provided."

The act further provides for the formation, alteration and union of school districts, for the election of school trustees, and for levying a rate on the taxable property in each school district for school purposes. The refusal to pay these rates, both by the Church of England as well as by the Roman Catholic party, led to the present actions. The question the Privy Council had to decide was whether the Public School Acts, 1890, of Manitoba, were *ultra vires* or not. Their Lordships decided that these acts were not *ultra vires*. It was agreed by all parties to the dispute that, previous to the union, there was no law, or regulation, or ordinance relating to education in force. Their Lordships found, therefore, that there were "no rights or privileges with respect to denominational schools existing by law;" consequently, none could have been abolished. They found that certain exemptions in favor of Roman Catholics existed under the acts, whereas no such corresponding exemptions were to be made in the case of Protestants. "Notwithstanding the Public Schools Act, 1890," continues Lord Macnaghten, "Roman Catholics and members of every other religious body throughout the

province are free to establish schools throughout the province; they are free to maintain their schools by school fees or voluntary subscriptions; they are free to conduct their schools according to their own religious tenets without molestation or interference. No child is compelled to attend a public school. No special advantage, other than the advantage of a free education in schools conducted under public management, is held out to those who do attend. It is said that it is impossible for Roman Catholics, or for members of the Church of England, to send their children to public schools when the education is not superintended and directed by the authorities of their Church, and that, therefore, Roman Catholics and members of the Church of England who are taxed for public schools, and at the same time feel themselves compelled to support their own schools, are in a less favorable position than those who can take advantage of the free education provided by the act of 1890. That may be so. But what right or privilege is violated or prejudicially affected by the law? It is not the law which is in fault. It is owing to the religious convictions which everyone must respect, and to the teaching of their Church, that Roman Catholics and members of the Church of England find themselves unable to partake of advantages which the law offers to all alike."

Clearly, then, this was a struggle between the denominational school party and the non-sectarian or free-school party. It may be compared to the contest between our board and national schools here. Denominational education has been the chief obstacle to the advance of civilization: it has been the curse of every country of the Old and New World alike, and it is satisfactory to find that the party of progress in Manitoba has so far prevailed.

That the denominational party has not been unfairly treated will be seen from the following statement made by Prof. George Bryce in May, 1893. He states that "out of 719 schools in Manitoba when the act was passed, 91 were

Roman Catholic, which are still under Catholic trustees, so that there can be no possibility of a Protestant bias." The only grievance, if it can be called a grievance, which still exists, is that if the trustees allow any text-books to be used not authorized by the Advisory Board in any model or public school, such school ceases to be a public school and loses its legislative grant.

And it must not be supposed that the non-sectarian party is actuated by secular prejudice. That this is not so is clearly shown by the Rev. J. M. King, D. D., Principal of Manitoba College, one of the leaders of the non-sectarian party. After stating his reasons in opposition to a purely secular school system, he says: "At the opposite extreme there is the system of separate or denominational schools such as now, to some extent, obtains in this province, a system under which not only is religious instruction given, but the distinctive doctrines and practices of individual churches are taught. Does the continuance and extension of this system promise a solution of the educational difficulty? By no means. Less injurious probably in its operation, it is even more indefensible in principle than the one which has been so freely criticised. First, it is in direct violation with the principle of the separation of Church and State. It is unnecessary, indeed it would be quite irrelevant, to argue this principle. It is that on which, rightly or wrongly, the State with us is constituted. I do not understand it to mean that the State may not have regard to religious considerations such as it shows when it enforces the observances of the Sabbath rest. Second, the system of separate or sectarian schools operated injuriously on the well-being of the State. However useful to the church or churches . . . this system is hurtful to the unity and to the strength of the State. It occasions a line of cleavage in society, the highest interests of which demand that it should as far as possible be one. It perpetuates distinctions, and almost necessarily gives rise to distinctions which are at once a reproach and a peril." *

* Canadian Sessional Papers, 1893, No. 336.

These views, based upon such lofty and far-reaching principles, will commend themselves to the non-sectarian party in this country. On the question of the practicability of a separate school system in Manitoba, Mr. H. M. Howell, of Winnipeg, is very clear. "If," he says in his affidavit, "separate schools are granted to the English Church party and to the Roman Catholics, except in centres of large populations, it would be very difficult to support them. And if three systems of schools were established, each system would be very defective, and would be of little use towards general education."

Upon this point Lord Macnaghten, in the judgment previously referred to, made some very practical observations. Their lordships, he said, could not help observing that if the views of the sectarians were to prevail "it would be extremely difficult for the provincial legislature, which has been entrusted with the exclusive power of making laws relating to education, to provide for the educational wants of the more sparsely inhabited districts of a country almost as large as Great Britain, and that the powers of the legislature, which on the face of the act appear so large, would be limited to the useful but somewhat humble office of making regulations for the sanitary conditions of schoolhouses, imposing rates for the support of denominational schools, enforcing the compulsory attendances of scholars and matters of that sort."

In fact, if such views prevail in the coming electoral struggle, the system of national education, one of the greatest glories of Canadian legislative achievement, will fall to the ground. It is obvious that if education is to be public and free it must be nonsectarian, and it is equally obvious that all, irrespective of creed or religion, must contribute to its maintenance.

Such a course may not be perfect, and it may be subject to anomalies; but unless, as for instance in Ontario, separate schools can be efficiently maintained and conducted, it is the only one practicable.

Foiled in this attempt to prove that the Manitoba School Acts were *ultra vires*, the Roman Catholics appealed, under Section 93 of the British North America Act, 1867, and of Section 22 of the Manitoba Act, 1870, to the Governor-General in Council. This appeal was dismissed by the Canadian Courts, and finally came before the Judicial Committee of the Privy Council, when judgment was delivered by the Lord Chancellor on January 29 last.* Their lordships decided that the appeal was admissible, inasmuch as the Acts of 1890 affected rights and privileges of the Roman Catholic Minority within the meaning of Sub-Section 2 of Section 22 of the Manitoba Act, 1870. They further decided that the Governor-General in Council had power to make the remedial orders asked for; but the particular course to be pursued must be determined by the authorities to whom the jurisdiction had been committed by statute. Whether the remedial legislation should be provincial or national was not for them to decide. "The system of education embodied in the Acts of 1890," said the Lord Chancellor, "no doubt commended itself to and adequately supplied the wants of the great majority of the inhabitants of the province. All legitimate ground of complaint would be removed if that system were supplemented by provisions which would remove the grievance on which the appeal was founded, and were modified so far as might be necessary to give effect to those provisions."

As we write a report has reached this country that a compromise has already been effected under which the rights of the Roman Catholic separate schools are to be preserved by an Act to be passed by the Provincial Legislature. Failing such legislation it would remain for the Dominion Parliament to pass an Act affording the protection asked for by the Roman Catholic minority. When, the other day, Sir Charles Tupper, the Minister of Justice,

* *Brophy v. Attorney-General of Manitoba* L. R. (1895) App. Ca. 202.

threatened to resign, not because he disapproved of the Manitoba School Acts, but because he considered that the opinion of the country ought to have been taken before such legislation was attempted, it was generally felt that the Dominion Government would dissolve upon this question.

That there is any danger of an ultimate deadlock between the Provincial Legislature and the Dominion Parliament is extremely improbable. Conflicts of a similar nature, and of as serious a character, have arisen on numerous previous occasions, and have been successfully surmounted, and in spite of the attempt to render this controversy one of Protestantism *versus* Roman Catholicism, it is in the highest degree unlikely that the Canadian people will of their own free will pull down the national educational edifice they have so laboriously and carefully erected, although they may be expected to extend to the Roman Catholic minority that protection which their own keen sense of justice dictates.

Single Tax.

Ethical basis of distribution and its application to taxation by T. N. Carver in *Annals of the American Academy* for July, holds (p. 88) that differences in wages of labor and salaries are analogous to differences in rent, and are, therefore, properly open to confiscation by the single tax, in that the inability to concentrate labor in its most productive forms is like the inability to concentrate land in its most productive locations. "An equally unearned increment results in either case," which by the single tax can be destroyed. As this unearned increment really applies to the share of value in every commodity by which its particular price exceeds its particular cost, this affords a scope for reaching profits of every kind through the single tax. Thus, as the single tax is applied to each "natural opportunity" for its application, it is found to be a multifarious tax.

Economic Miscellanea.

PRODUCTS OF THE SAHARA.—“The Sahara,” says the *Revue Francaise*, “has the reputation of being an entirely sterile desert, uninhabited and uninhabitable. If this assertion is well-founded in many cases, it is, nevertheless, not true everywhere; and even outside of the oases the Sahara presents some resources, not very considerable, it is true, but such as are greatly appreciated by the pastoral peoples that traverse it. According to M. Kunckel, of Herculaïs, there are found at every step in the sandy regions mounds surmounted by plants whose roots can be utilized as fuel. Masses of tamarinds and gum-acacias are frequent, especially in the beds of old water-courses, where roam beasts of various kinds. In the mineralized waters of the desert are found water-turtles, etc.

“But what rehabilitates the Sahara a little is the presence during the winter season of numerous flocks of animals. In 1892 more than 9 millions of sheep wintered in the Algerian Sahara, paying a duty of 1,763,000 francs (\$352,000). There sheep were worth 20 francs (\$4) apiece, or in all 175 millions. The Sahara nourishes also 2 million goats and 260,000 camels, paying a duty of a million. In the oases palms, citrons, apricots, abound; there are cultivated also onions, pimentos, and various leguminous vegetables. The oases contain 1,500,000 date-palms, on which the duty is 560,000 francs. The product of a date-tree varies from 8 to 10 francs; those of the desert give about 15 millions a year.”

GREAT FORTUNES.—By a calculation made a year or two ago by an American statistician, it seems that seventy citizens of the United States possessed among them an aggregate wealth of £540,000,000. That gives an average of about £7,500,000 apiece. To come to particulars: There was one estate—we refrain here from mentioning names—returned as worth no less than £30,000,000. There were five individuals valued at £20,000,000; one

valued at £14,000,000; two valued at £12,000,000; six valued at £10,000,000; six valued at £8,000,000; four valued at £7,000,000; thirteen valued at £6,000,000; ten valued at £5,000,000; four valued at £4,500,000, and fifteen at £4,000,000.

The brain reels before such figures. They express measures of wealth which the ordinary mortal is powerless to grasp.

Besides these seventy colossal fortunes, there are fifty other persons in the Northern States alone valued at over £2,000,000 each, thirty of them being valued in all at £90,000,000. There were some little time ago published lists of sixty-three millionaires in Pennsylvania possessing in the aggregate £60,000,000, and of sixty persons in three villages near New York whose wealth aggregated £100,000,000. In Boston, fifty families pay taxes on annual incomes of about £200,000 each.

We have nothing to compare with such individual cases in Great Britain. Baron Rothschild and Lord Overstone each left about £3,500,000; the late Lord Dudley left £4,000,000; the late Duke of Buccleuch, estimated to be the richest Scotchman, left estates valued at £6,000,000. One living English Duke is valued at £10,000,000, and another at £8,000,000; but not many names could be added to these to place against the above list of American fortunes. In 1884 there were only 104 persons in the United Kingdom whose incomes from business profits were returned as over £50,000 a year. In 1886 there were only seventeen estates which paid probate duty on about £250,000 each.—*Chambers' Journal, London.*

FACTS ABOUT SILVER.—The total quantity of Silver money coined in the United States from 1793 to 1893, including fractional coins and Trade Dollars, is \$669,929,323, of which the "dollars" were \$427,363,668, and of these "dollars" all but about \$8,000,000 were coined since 1873.

The amount of Silver money in circulation in the United States on July 1, 1895, as certified by the Treasury department, was:

Of Standard Silver Dollars.....	\$ 51,983,162 00
Subsidiary Silver.....	60,219,718 00
Silver Certificates.....	319,731,752 00
Treasury Notes Act July 14, 1890, issued in purchase of Silver.....	115,978,708 00

Total Silver in circulation, in person and
by paper.....\$547,913,340 00

The amount of Silver in Treasury at same date
was:

Standard Silver Dollars.....	\$371,306,057 00
Subsidiary Silver.....	16,552,845 00
Silver Certificates.....	9,162,752 00
Treasury Notes Act July 14, 1890.....	30,109,692 00

Total in Treasury.....\$427,131,346 00

The Government has paid for each dollar coined as
follows:

ACT AUTHORIZING.	FINE OUNCES.	COST.	AV'R'GE. PRICE.
February 12, 1873	\$ 5,434,282	\$ 7,152,564	\$1,314
January 14, 1875	31,603,906	37,571,148	1,189
February 28, 1878	291,292,019	308,199,262	1,058
July 14, 1890, to Nov. 1, 1893, date of repeal of purchasing clause of act of July 4, 1890.	168,674,682	155,931,002	0,924
Total.....	\$497,004,889	\$508,853,976	\$1,024

The present standard Silver dollar contains the same quantity of pure Silver as the American Silver dollar has contained since 1790, *viz.*, 371¼ grains. With one-tenth alloy the entire dollar weighs 412½ grains. The quantity of alloy is less than in the early dollar.

The uncoined value of the bullion in the Silver dollar to-day, July 12, 1895, is 52.40 cents.

Economics of the Daily Press.

The way economic subjects are being discussed in the daily Press almost seems as if the object was to delude rather than inform the public. Instead of giving the facts regarding industrial affairs and honestly interpret their tendency and significance, the chief object seems to be to make the facts contribute to some particular party interest. Even such usually high-toned papers as the *Journal of Commerce*, seem unable to rise entirely above this partisan plane. In an editorial, July 17, on the "Increase of Wages," it made a very formidable array of the meagre returns, practically giving the impression that the increase of wages was very general and very large, and attributes it all to the monetary attitude of the Administration.

It appears to have made a thorough search of all the reported cases of increases in wages since the first of January, and admits that in many instances the number of laborers affected by the increase has been overstated, and not infrequently the amount of the increase exaggerated, through the enthusiasm to make the boom seem as great as possible.

With all these tendencies to exaggeration, it has been enabled to discover only "announcements of 262 increases of wages from January 1 to June 30. Of these the workmen benefited in 137 cases exceeded 340,000. In 135 cases it was not stated how many were affected." It then estimates that the number of laborers affected in the 135 cases where the number was not given, "could hardly fail to raise the whole number of men whose wages were increased in the first half of 1895 to half a million."

It then foots up cases in which six thousand men received increases in July, and finds "five cases in which the number of men affected is not stated," and assumes "that the number may easily be six hundred thousand."

With all this liberal guessing the *Journal of Commerce* is able to find only a little over half a million men whose

wages have been affected. Now, there are probably about twelve million wage-workers in this country, not a million of whom escaped a reduction, and a great majority of them suffered two and some three cuts in their wages, so that the most optimistic estimates that can be made, show that only about one laborer in twenty-two has received any increase in wages at all. In other words, the rise in wages is not general, but has followed a certain line of industries, chiefly iron and steel.

The next point the *Journal of Commerce* makes is as to the amount of increase. It says: "The increases are usually ten per cent., though often more than that." Now, this statement, if technically correct, is very misleading. I have watched the list of increases closely, and have noted a large number that are only five per cent. and almost none more than ten per cent., but, assuming that all the increases announced were ten per cent., what does that mean? It does not mean that the laborers are receiving an increase equivalent to a ten per cent. reduction. The ten, fifteen, twenty and twenty-five per cent. reductions were percentages of the large wages they were receiving in 1892; the ten per cent. increase is only ten per cent. of the small wages they are receiving in 1895.

Suppose, for instance, a laborer is receiving three dollars a day. His wages are reduced twenty-five per cent., or fifty cents a day; a subsequent increase of twenty-five per cent. would not give him back his fifty-cents a day. It would give only an increase of thirty-seven and one-half cents a day, or twelve and one-half cents less than was taken from him by the twenty-five per cent. reduction. In order to restore to the laborer his previous wages it would require an increase of thirty-three and one-third per cent. instead of twenty-five per cent. In other words, a reduction of wages of a specific per cent. and a subsequent increase of the same per cent. involves a net loss to the laborer of the same percentage of the original reduction

which that reduction bears on his original wages. Thus, by a reduction of twenty-five per cent. and a subsequent increase of twenty-five per cent., the laborer will get back only seventy-five per cent. of his original reduction. If the reduction is ten per cent. and the subsequent increase ten per cent., he will only get back ninety per cent. of his reduction, and so on.

The various reductions that have taken place in 1893 and 1894 probably will approximate a general reduction of about twenty-five per cent., so that this estimated return of ten per cent. gives back to those who receive it only thirty per cent., or considerably under one-third of what they lost in the reductions.

After making these liberal estimates, the *Journal of Commerce* adds: "The increases would amount to five or six hundred thousand dollars a week." Of course, taken in a lump sum, "five or six hundred thousand dollars" appears to be a great deal, but if laborers whose wages have been reduced are also aggregated, the increase is almost too insignificant to speak of, as it amounts on an average to only about five cents a week, or a little over one-half of one per cent.

As to the cause of this increase in wages, the reasoning of the *Journal of Commerce* is scarcely more satisfactory. As already pointed out, it attributes it all to the money question. Whatever the real cause of this wage movement may be, it must be admitted that it is due to causes opposite in their economic effect to those which caused the reduction.

All fair-minded investigators must admit that the panic of which the reduction of wages was the consequence, was caused by a disturbance of business confidence. There were no normal economic forces at work that could possibly account for these phenomena. It was entirely the result of fear. Lack of confidence in the immediate future. What, then, destroyed the confidence, is the question. There are only two circumstances to which this can be attributed;

one is the silver question, and the other is the threatened legislation upon the tariff question.

To ignore the influence of tariff legislation upon this movement is to reason without the most significant of the facts. If the business disturbance and panic had been caused to any considerable extent by the silver question, it would have shown itself in a fluctuation in the value of money. A business disturbance through a loss in the confidence in the value of money would show itself either in the depreciation of the purchasing power of the suspected money or else in a general inflation of the prices of commodities, as during the greenback period.

Now, as a matter of fact, neither of these symptoms occurred. There was no depreciation of silver certificates or silver coin, as compared with gold, nor was there any inflation of prices. On the contrary, prices have fallen, which means that the purchasing power of money has increased; appreciated rather than depreciated. This has been true of every kind of money we have.

Moreover, after the Sherman law was repealed and the purchase of silver entirely stopped the panic continued. Not the slightest symptom of reviving confidence came as the consequence of that act. Indeed, the silver question is in a far more threatening condition to-day than it was at any time during the existence of the Sherman law.

For some months the agitation for the free coinage of silver has been on the increase, and threatens to exercise more influence in politics than ever before, and in the face of that fact the business revival still continues. Nor can it be in any way attributed to the influence of the present Administration against the free coinage of silver, because the veto of the President to a free coinage measure has been an absolute certainty for the last eleven years. That was just as certain during Mr. Cleveland's first term and during Mr. Harrison's term as it is now, so that there is nothing new in that respect to affect the situation in the least.

A fair analysis of the situation, therefore, clearly shows that the business confidence was neither destroyed in 1893 nor restored in 1895 by the silver or any other facts of the monetary question.

If we consider the influence of the tariff legislation, which the *Journal of Commerce* entirely ignores, all the symptoms point to the conclusion that that was the main cause of the business disturbance. Mr. Cleveland's election was an assurance that free coinage would not pass, and, consequently, a preventive of the silver scare, but it was an equal assurance that radical tariff legislation would be enacted, and, consequently, the immediate cause of a radical business scare. Whether people wanted the tariff reduced or not, they knew that if it was reduced a great disturbance in business relations would ensue, and immediately began to act on that assumption by anticipating the result.

The consequence was, orders were canceled, credits refused, factories closed, bankruptcies announced and wages reduced immediately after Cleveland's election was known, and by immediately I mean the same week. The history of this is too painfully burned in to need repeating. Suffice it to say that the stream of disaster started that week from the loss of confidence, increased, and in June culminated in the wildest panic this country has ever seen.

The *Journal of Commerce* and others who favored this tariff policy struggled desperately to make themselves and others believe that this was due to the Sherman law, but a special Congress was called, and, as I have said, the law was repealed without having the slightest effect on business confidence.

The significant fact in this connection is that, although silver had been squelched, its use for money having been entirely stopped, no symptoms of returning confidence were observed until after the 1894 election, when the country pronounced overwhelmingly against the administration and elected a new Congress with a two-thirds majority in favor of maintaining a protective policy. Im-

mediately after that symptoms of increasing business confidence began to appear and have since steadily increased.

With that state of facts it is difficult to conceive how the *Journal of Commerce*, with any pretensions to economic fairness or comprehensive treatment, can believe that the present business revival and increase in wages are wholly due to the "assurance that the stability of the currency would be maintained."

A few days later, July 19, the *Philadelphia Record* had a vigorous editorial in the same strain proclaiming the booming effects of the new Tariff Bill on the woolen industries. It cited figures showing that during the eleven months ending May 31, 1895, the importations of wool as compared with the previous eleven months had increased 282 per cent. In a further statement it gave figures showing that in the nine months of the new tariff, from September 1 to May 31, the importation of clothing wool had increased 778 per cent., and with great delight exclaimed: "Could anything testify more clearly to the progress of the American wool industries? Since the new tariff went into effect, American merchants have taken the front rank of the buyers in the London wool market."

The *Record* entirely ignores the fact that this increased buying of wool abroad diminishes the buying of wool at home, and has already caused the slaughter of about 6,000,000 sheep. Indeed, it pretends to believe that all this increased wool importation is due to the increased manufacture of woollens in this country, and in support of this quotes the statement of the *Wool and Cotton Reporter* that during the first half of the current year 201 new woolen factories have been established in the United States." This improbable statement has already been quoted in many papers, and is going the rounds as a verified fact.

If the reputation of the new tariff bill is to rest upon this statement, at least some proof of its probable truth should be forthcoming. We do not believe the statement

and challenge the *Record* and the *Springfield Republican* and the *Wool and Cotton Reporter* and any other papers that have published it, to furnish the data upon which it rests. Where are the factories? Give a list of their names and locations. We have already appealed in vain to the *Wool and Cotton Reporter* for the facts. Unless the statistics of these 201 factories can be given, the statement should be treated as a partisan fabrication. This persistent misrepresentation of industrial facts for mere political purposes is a discredit to American journalism. Public morality and political integrity demand that the people have the truth on these subjects regardless of its effect on any political party.

Economics in the Magazines.

Under this head we call attention only to the articles in the current magazines on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

INJUNCTIONS.—*The Modern Use of Injunctions.* By F. J. Stinson in *Political Science Quarterly* for June. A valuable legal article showing that the Court of Chancery and its prototype, the Court of Star Chamber, grew largely out of the need of drastic measures to suppress social disorder on the part of persons too powerful to be held amenable by ordinary criminal process. Mr. Stinson holds that the increasing use of injunctions by federal courts under the Anti-Trust and Interstate Commerce Law, to restrain labor strikes, has a direct tendency toward State ownership of the means of industry.

INCOME TAX.—*The Income Tax in the American Colonies and States.* By Prof. Edwin R. A. Seligman, of Columbia College, in *Political Science Quarterly* for June. Prof. Seligman traces the tendency of the colonies to lay their local taxes directly upon land, income or faculty and on personal property in a manner which led to one of the most important assumptions which underlay the structure of the federal Constitution, *viz.*: that State taxes should be direct or indirect as the states pleased, but that federal taxes should be exclusively indirect if levied through federal

officers. The fact which led to this state of legislation in all the colonies was a law of Parliament passed, for the benefit of the colonies only, in the reign of George II., permitting the writ for the collection of both judgments for debt and taxes, to sell in addition to the goods and chattels of the debtor, his lands, tenements, and hereditaments. When this act had been passed, direct taxes rested *in rem* on the property itself and not on the owner, and were called direct for that reason. In the light of this fact we cannot concur in Prof. Seligman's remark, on page 243: "Of course it is always the person, the individual, who is under obligations to pay taxes to the State." Under our State system of taxes on land, the owner of land comes under no personal obligations whatever. The tax-bill runs against the lot only. No judgment against the owner can be got for it and no writ against goods and chattels of either owner or occupant can be issued for it. The tax collector does not care whether he receipts for it to the owner or to a stranger. If the tax is not paid, the remedy is a sale of the land. Such a system is unknown in Great Britain and was introduced, or at least sanctioned, in the colonies by the act of George II. to which we do not notice any allusion in Prof. Seligman's article.

COINS.—*Coins financial School and its Censors.* By W. H. Harvey in *North American Review* July.

No compliment paid to Harvey's art as a writer equals that profoundly solemn stupidity of calling in letters from the characters named in it denying that they said the things attributed to them in Harvey's dialogue. This is like calling on Denman Thompson for a denial that he is a New Hampshire farmer, or like getting a certificate from the birds that they never attempted to alight on any bough that Phidias painted. Harvey is a fraud like Barnum, but he knows how to make fraud win. One hundred men are at work day and night printing his books, sales of which are said to reach 8,000 a day, highest sales 17,500 a day, and prospective sales before election 1,000,000 copies. In

the present article, "Coin" with a massive impudence which is monumental "explains" that Jesus Christ was crucified by the money power, because he tried to cope with its growing monopoly. Coin's chief deceit consists in picturing an expansion of one-half in the volume of silver money since 1873, as if it were an elimination of silver from circulation, and in attributing the fall in value of silver to an act of Congress which had nothing to do with it, instead of to the change of Standards and Coinage by Germany.

RAILROADS.—Benjamin Reece in *Engineering Magazine* for July contends that increase of lines in excess of requirements only increases cost of transportation by compelling maintenance of more lines than the business warrants, and cites the State of Connecticut, whose people are wholly served by one road yet have the cheapest transportation in the world. ALBERT FINK, in same number, believes that legislation to be effective must treat railways as a system and as a unit; their rates are chiefly regulated by the effective competition of water routes; that railways should have power to discriminate in rates when it will increase their traffic, and that agreements between railroad companies for dividing business fairly should be respected as legal. Henry Clews, in same number, quotes Depew to the point that American rates of freight average only eight mills per ton per mile, Great Britain, two cents and eight mills; Russia, two cents and four mills; Italy, two and one-half cents; France, two and one-fifth cents; Germany, two cents and four mills or exactly three times the American rate: Frank J. Sprague thinks electricity will only supersede steam where the number of train units is great, but not on trunk lines.

Thomas L. Greene shows that in 1894, one-fourth of the railway capital of the country was in hands of receivers, while the failures in other investments were only two per cent. of the whole. John C. Wait shows a shrinkage in passenger car-building for 1894 to a fourth of what it had been in 1890, 1891, 1892 and 1893 and in freight car-building it was from 128,000 cars in 1889 to 98,000 in 1890,

88,000 cars in 1891, 89,000 cars in 1892, 50,000 cars in 1893 down to 18,000 cars in 1894; yet, in all this period the number of cars in service was increasing. This shows a case of absolutely continuing demand accompanied by a steady falling off of five-sixths in the supply. As a symposium on railways, the July number is unequaled.

WASTE.—*Disposal of a City's Waste.* By Geo. E. Waring, Jr. (Commissioner of Street Cleaning N. Y.) in *North American Review* for July. A free-hand sketch which assumes that city sewage can not economically be collected for fertilizing and returned to the soil in western cities, as is so extensively done in Canton and other oriental towns, but that the ashes, bottles, junk, old garments, and other dry garbage can be made to pay a revenue of something like one cent per capita per day, or \$7,000,000 a year over costs of collection. What Waring says cannot be done has been done, and what he thinks can be done has never been done, nor anything like it.

GRAIN.—*Thirty Years of the Grain Trade.* By Egerton R. Williams in *North American Review* for July. Some good economic facts are stated, such as that "large crops produce low prices and low freights," though Mr. Williams falls short of showing that they often are a net injury to their producers, by resulting in smaller aggregate returns than small crops. The statistics of the article, however, and its economic history are full of errors. Its statement on p. 27 that "free trade in wheat and all other farm products was first fully established in 1869," is erroneous by twenty years. After '49 (Feb. 1), all "foreign corn" was under a nominal duty of only one shilling per quarter, which was wholly non-protective. This continued until 1860, when it was abolished and the importation of Grain of every kind has since been free. So, also, the statement that in 1869 about ninety-seven per cent. of England's population were fed on English home-grown wheat is an error, as only about two-thirds were then so fed. Also the statement that wheat acreage in England had been reduced

from three and one-half million acres (in 1846) to 1,200,000 acres in 1886, is erroneous at both ends. The acreage estimated to be three and one-half millions (3,750,000) in 1846-52 was that of the United Kingdom, not of England only, and Great Britain (without Ireland) is returned by *Statesman's Year Book* of 1893 (p. 65), as planting 2,564,257 acres to wheat alone in 1888. A magazine having the large circulation of the *North American Review* should get its statistics correct even in contributed articles.

MONETARY.—“*The United States will Pay*” from E. Benj. Andrews “*History of the Last Quarter Century in the United States*” in *Scribner's* for July.

President Andrews' articles on American history are “catchy,” taking and breezy both in text and illustrations. The language sometimes sacrifices accuracy and explicitness to popular phrases and colloquial style, and sometimes covers economic errors with the shield of favoring gloss. Thus, on page 77, the law of 1873 stopping the coinage of the silver dollar is styled a law “demonetizing it,” which if true would have taken away the money quality from the standard silver dollars then in circulation, which would have been a repudiation of standard and outstanding federal coin, which, we think, was not involved in that act.

Immediately after, on page 78, without any mention of the vast changes in actual coinage made in Germany in the years 1871-73 (whereby 1,600,000,000 francs in silver were retired as coin and thrown on the market as bullion, and an equal value in gold was bought up in the market and coined), we are treated to the theory that the American act, which neither uncoined a single coin of silver nor coined one of gold, was followed by “an increased value attaching to gold, or, what is the same thing, a general fall in prices,” and that “silver fell in gold price almost exactly as products at large fell.” In fact, two-thirds and more of all “products,” *viz.*, labor, land, and the shares, stocks, and bonds that represented active industrial investment, rose very substantially in value, and meats and food generally,

along with most hand-labor products, either rose or held their own, and only machine-made products fell in value. Hence, the fall was not of a kind to indicate scarcity of money, as, why should it be, seeing that after 1873 the volume of standard silver money for the world, instead of being diminished, underwent an inflation, which our director of the mint officially estimates at \$1,500,000,000? These are flaws in a series of articles otherwise entertaining crisp and well-written.

LABOR.—*Labor Troubles.—Causes and Proposed Remedies.* By James H. Hyslop (Columbia College, N. Y.) in *International Journal of Ethics* for July. Seldom may one read an essay more thoroughly saturated with malthusian shortsightedness. It is the old stop-breeding-like-rabbits, vote for free trade and quit the trade-union business, woven over like economic shoddy, for the fiftieth time. The writer prescribes as the first and most pressing need for the amelioration of labor conditions—"freedom of trade, by which all men would be put upon an equal footing in the competition for a share in the world's production." That, if carried out, would give Mr. James H. Hyslop about five cents worth a day as his share.

Upon Mr. Hyslop's vision has never dawned the notion that it is the wants and instincts of the ninety-four per cent. of mankind who work, breed children and make mistakes, that are the propelling, expelling, dispelling and compelling force that drives the car of progress. They induce manufacture, agriculture, transportation, banking. Even knowledge often consists in forgetting errors which have been taught for centuries by the learned and grappling to truths which are ineradicably grounded in the instincts of the vulgar. In no feature of knowledge is this more true than as respects the superiority, ethically and economically, of the popular instinct that labor and child-bearing are the very top root of good morals, over the malthusian diabolism of "Be prudent; don't marry," which underlies vice and undermines ethics.

Among the Books.

The Sexes Compared, and Other Essays. By EDWARD VON HARTMANN, author of "The Philosophy of the Unconscious," etc. Selected and translated by A. KENNER. London: Swan, Sonnenschein & Co. New York: Macmillan & Co. 164 pp. Price, 90c.

The wiser mode of beginning the study of Von Hartmann is to take up his "Philosophy of the Unconscious" first. His other writings become authoritative chiefly as offshoots from the same mind which originated that by far the most profound and scientific system of inductive metaphysics deduced from observed nature now extant. The charm of Von Hartmann, especially as a writer on metaphysics, is that all his most subtle conclusions flow simply, clearly and lucidly as a running brook, from the peculiar down-hill arrangement which the facts of nature assume when we are walking with him. It is like an afternoon stroll for ease and pleasure, but at the end we have absorbed the substance of an encyclopedia, and our intellectual lungs are filled with ozone. The seven essays included in this little work are aside from the profounder trend of Von Hartmann's philosophy, and do not reflect it. They might have been written by an elegant, conservative man of the world—a Bulwer-Lytton, or Disraeli, or Hawthorne. They are on "The Sexes Compared," "The Vital Question of the Family," "The Comforts of Pessimism," "Our Relation to Animals," "The Need of Books," "The Modern Lust for Fame," "My Relation to Schopenhauer." Of these, many will regard "The Comforts of Pessimism" as lying in closest association with his master philosophy; yet, although a pessimistic bias pervades the tone of "The Philosophy of the Unconscious," we doubt if most minds will regard its actual doctrines as tending any more severely toward disgust with the constitution of nature than other systems of thought which posit largely on the failure of creation to carry out its purpose of righteousness in a degree which satisfies the ethical sense of enlightened men.

Nor is it clear that a belief that the cosmical will, the "purposive cause" or the "system of law" which underlies the universe, is without personality, and without consciousness is antagonistic to the doctrine of the personal immortality of every human being. Von Hartmann denies the consciousness and personality of the power which rules phenomena, yet alleges that the causes of all things indi-

cate as much purpose and coherency as can be claimed by the most devout believer in a conscious personality. It is as clearly competent, however, for a conscious God to have created human beings without immortality as to have created animals and plants without any other immortality than that of succession. While the three doctrines of non-consciousness in the controlling purpose or cosmic will, of non-immortality of the individual, and the unendurableness of a continued existence fraternize in Von Hartmann's mind, they have no logical interdependence.

The two essays in this series which will attract most attention are those relating to the sexes. Von Hartmann's view does not differ from that of Dr. Bushnell, that sexual equality is a movement against nature. Von Hartmann, however, bases his justification of vesting man with the legal rule on the fact that women have so many ways of actually ruling men, in fact, that the only way to put the two sexes on any apparent terms of equality is to invest men with the outward appearance of ruling women. Women will graciously rest content to permit man to have the form of authority, provided she is not interfered with in grasping the substance. Perhaps no better statement of the socially orthodox view of sexual morals as it is taught and held in the aristocratic and successful circles of society, has ever been made than Von Hartmann embodies in this volume.

Von Hartmann, as a sequence of his views on marriage, proposes that all direct taxes, especially on incomes, be so graduated that their burden shall be five-fold heavier on a bachelor than on the father of five children, and the laws of inheritance be so modified that the married relatives having children shall receive shares of the estates of deceased intestate persons as much larger than those having no children or unmarried, as the family burdens are greater.

It may be partly an excellence of the translator that Von Hartmann's style is so brought out in these essays, that they appear as faultless models of clear, pure, vigorous English, such as in these days of negligent thinking and sloppy writing it is refreshing to read.

Les Gaspillages des sociétés modernes, contribution à l'étude de la question sociale. Par J. Novicow. (1 vol. in-8° de la *Bibliothèque de Philosophie contemporaine*, 5 fr.—Félix Alcan, éditeur.)

This book might quite properly be styled a study in social pathology. The disease considered is poverty, and the author not only undertakes the analysis of the extent to which certain destruc-

tive forces contribute to lessen the vitality of European societies, but suggests what seem to him efficacious means by which to overcome poverty.

He gives (page IX.) this brief and direct answer to the question why we are so poor: "Because we produce little, and because we waste too much," thus recognizing that it is "to the increase of the total quantity of wealth produced, so that the laborer can have vastly more without anybody having any less, that we must look for any permanent and general diminution of poverty." *

M. Novicow estimates that to abolish poverty it would be necessary to at least quintuple present production, and he boldly affirms that nine out of every ten of the inhabitants of the globe do not have the wherewithal to satisfy the needs of their stomachs and that perhaps not one person in three hundred sleeps on a really good bed or lives in a suitable house. All this poverty he holds is due to human stupidity and that nature offers sufficient resources to afford mankind at least ten times the well-being now enjoyed. We are prevented from acquiring this wealth, which invention of new methods and machines and the larger use of capital in industry would make possible, because of the waste (gaspillage) in modern society and because of the three fundamental errors which completely dominate the life of to-day. The first great obstacle to prosperity, and one of the most persistent errors of humanity, is the confusion of wealth and money. This leads to the adoption of a mercantile policy which annually costs Europe \$2,000,000,000,—if we may believe M. Novicow's figures.

The second obstacle to prosperity results from confusing wealth with property. This leads to social parasitism, to paternalism in government, and to a spirit of conquest, and costs about \$5,000,000,000 each year in pensions, sinecures, useless public works, war for the acquisition of territory, maintenance of a standing army and the centralization of power. M. Novicow estimates that there are at least 1,250,000 useless public servants in the various European governments, and that, had it not been for the wars of Napoleon I. and Napoleon III., Europe to-day would have 45,000,000 more inhabitants and be able to produce \$2,500,000,000 worth more of wealth annually.

The third loss, amounting to \$3,000,000,000 per year, results from the spirit of conservatism, intolerance and national exclusive-

* *Wealth and Progress*, p. 5.

ness, which shows itself in numberless ways. The suppression of useless letters in the French alphabet, for instance, would save enough, in a short time, in the cost of printing newspapers (6,800) to build a transcontinental railway. [A simplification of our system of money, weights and measures, would appreciably shorten the necessary period of school life, and greatly facilitate commerce.] The list of sources of waste is a long one, and is only hinted at in the text.

The remedy: "To ameliorate the sufferings of the majority of mankind (*classes populaires*), the only truly sovereign remedy is the federation of the European group of states" (p. 235). "When men, instead of spending the greater part of their energies despoiling each other, are willing to seriously undertake the exploitation of the magnificent domain nature has given them, they will be able to conquer poverty and will find themselves free from need" (p. 318).

A Scientific Solution of the Money Question. By ARTHUR KITSON.
Arena Library Series.

The chief value of this book lies in its quotations from and allusions to the works of others, which seem to constitute by far the major part of the work. So far as the author aims to connect his quotations with an argument, its drift seems to be to inculcate all the odds and ends of social lunacy and monetary insanity which have yet found utterance, and some perhaps of which Mr. Kitson himself is the originator. He is, of course, opposed to interest on money (p. 319 to 323). He compares the redemption of banknotes in coin (which is practised successfully in most other countries except the United States and was practised here with complete success so long as we adhered to sound monetary principles (which was only from 1791 to 1811, and again from 1816 to 1836) to "driving the camel through the eye of the needle. All that does not pass through the needle's eye falls into the hands of the drivers" (p. 272). Mr. Kitson seems to favor (p. 367) something that he calls "Mutual Banking" meaning thereby an issue of notes and loans on a pledge of goods. He does not believe in having any laws relating to banking or currency or coinage but advocates complete monetary anarchy, disbelieves in "Gresham's Law" and is for the free coinage of silver.

SOCIAL ECONOMIST

SEPTEMBER, 1895.

Evolution of Modern Capitalism.*

At a time when the air is surcharged with anti-capitalist ideas, and the press constantly grinding out quasi-socialist productions, it is refreshing to read a book which aims to consider capitalism in a scientific spirit. As a study of the evolution of modern capitalist methods of production, and their economic and social bearing upon public welfare, Mr. Hobson's book is a valuable contribution to the subject. It is written in a truly scientific spirit, and with a high degree of economic insight and discrimination; and withal shows unmistakable evidence of wide and painstaking observation and study.

Of course it is too much to expect any English writer to view the question of Protection with other than dogmatic disdain, and to this Mr. Hobson is no exception. That is evidently a subject which the English mind is yet incapable of considering fairly. From the phenomena furnished by the peculiar and even unique experiences of England they must be regarded as practically excluded from the philosophical discussion of that question.

Outside of this subject, to which Mr. Hobson does not give much space, he apparently has tried to discuss the evolution of modern capitalism on its merits, and not without success.

His treatment of the order and development of machine industry is very interesting, both historically and economically. He finds little difficulty in showing that the growing differentiation and integration of machine industry is highly beneficial to all classes in society. But when he reaches the question of trusts, which he insists are monopolies, he fails to maintain his

*A Study of Machine Production. By JOHN A. HOBSON, M. A.
London: Walter Scott; New York: Charles Scribner's Sons, 1894. 383 pp.

otherwise high standard of economic criticism. He very properly lays great stress upon the importance of maintaining the competitive principle, in order that the community may get the advantage of improved processes developed by integrated capital.

But he clings altogether too closely to the narrow, early English views of competition. He seems to mistake number of competitors for efficiency of competition, and ignores the force of potential competition—the competitive influence of capital that is ever waiting to step in where large profits warrant the risk. In modern society this potential competition is often more effective than the actual active competition of smaller competitors.

In his readiness to assume that aggregations of capital under the name of trusts are monopolies which suspend all competition, Mr. Hobson seems to have dropped into a regrettable laxity of statement and looseness of reasoning. After describing the process of capitalistic concentration as a “pyramid, the base or first stage of which consists of a larger number of smaller units, and each higher stage of a smaller number of large units, with a trust or monopoly syndicate for its apex,” he selects the Standard Oil Company as a typical specimen. In this Mr. Hobson is entirely right. There is probably no better illustration of the Trust principle anywhere than the Standard Oil Company, but he is quite unfortunate, both in the selection and interpretation of his facts in the case.

As a typical illustration of what the Standard Oil Company has done in the way of unfairly treating both competitors and the community, he recites at great length the story of that so-called South Improvement Company as if it were a veritable organization. He seems not to know that this South Improvement Company never had any real existence—that it never did a dollar's worth of business; had absolutely nothing to do with regulating railroad freights or the price of oil, and that these overcharges and the abnormal rebates he quotes are pure myths. All that happened regarding this South Improvement Company was that a certain number of men got together and procured a charter, and as soon as it was learned that they had some such scheme as this in mind the whole thing was entirely suppressed; and so far from being the work of the Standard

Oil Company, the exposure of the attempt was made by one of the leading Standard Oil Company men.

To treat the mere star-chamber plan of this mythical South Improvement Company as if it represented the actual doings of the Standard Oil Trust, and their absurd notions of increasing prices and demanding rebates, as if they were a part of the actual history of what really took place, is a kind of investigation that must be called by some other name than scientific.

Mr. Hobson then proceeds to examine the movements of the price of oil after the Standard Oil Trust was formed, which he accompanies by a diagram (p. 135) showing that from 1870 to 1875 there was a reduction in the price, due, he says, to "competition." But "1875, which marks the establishment of a monopoly of the interior oil trade in the hands of the Standard Oil Trust, also marks a sharp rise in the price." Instead of taking the pains to ascertain if this were due to any economic cause, he ascribes it all to the arbitrary dictum of the trust, and says: "The moral is obvious. So long as there is competition, in spite of the expense of conducting the strife, prices fall. When the competition is suspended and there is a saving of friction the public gains no further reduction."

Unfortunately the facts do not sustain these sweeping generalizations. The following table covers the entire period referred to by Mr. Hobson:

Year.	Shipments from Wells, Bbls.	Stock of Crude Oil on Hand, Bbls.	Price of Crude Oil per Gal. at Wells.	Price per Gal. of Refined Oil for Export.
1871	5,667,891	568,858	10.52	24.24
1872	5,899,942	1,174,000	9.43	23.75
1873	9,499,775	1,625,157	4.12	18.21
1874	8,821,500	3,705,639	2.81	13.09
1875	8,924,938	2,751,758	2.96	12.99
1876	9,583,949	1,926,735	5.99	19.12
1877	12,496,644	2,857,098	5.68	15.92
1878	13,750,090	4,307,590	2.76	10.87

It will be seen from the above that there was no rise in the price of oil until 1876, and that after two years the price dropped to a point below the original level. It will also be observed that, taking the average for the two years, the rise in the price of crude was 97 per cent., and in that of refined 34

per cent. If we compare the actual rise in the price per gallon of the crude with that of the refined, which is a much closer test than per centage, we find that the average rise in the price of refined for those two years was almost exactly identical with the increase in the cost of crude. It takes about a gallon and a quarter of crude oil to make one gallon of refined. Taking the two years together, the average increase in the price of crude oil necessary to make a gallon of refined was 4.33 cents, and the average increase in the price of refined was 4.53 cents a gallon, making a difference in the movement of the two of only .20 cents a gallon. It will be further observed that in 1878, when the stock of crude oil greatly increased, and its price fell to 2.76 cents a gallon, the price of refined dropped to 10.87 cents.

A fair consideration of these facts clearly shows that the special rise in the price of refined oil about which Mr. Hobson and others declaim as due to the greed of the Standard Oil Trust is fully accounted for by the economic causes affecting the price of crude oil; and over these the Standard Oil Company had no control.

Mr. Hobson then says (p. 135): "From the time of the formation of the Trust the fall of price has been only a half a cent." Here again his facts are at fault. In 1880, the year before the Trust was formed, the price of oil was 9.12 cents a gallon. In January, 1895, it was (70 Abel test) 5.80 cents — a fall of over 3 cents instead of half a cent.

It should also be remembered that it is much more difficult to reduce the price from \$.09 to \$.06 than it was to reduce it from \$.24 to \$.09. It is much as if one should take a sponge that would hold a pint of water. Three-quarters of a pint could be squeezed out with very slight pressure, whereas it would probably take four times as much pressure to squeeze the last quarter of a pint out of it. If the processes have been highly developed, slight reductions can only be expected. In fact, the benefits given the community since the organization of the Trust have been much more in the direction of refining and cheapening the by-products, such as paraffine and lubricants, than in the price of refined petroleum itself. These are economies that would in all probability have been literally impossible by a smaller corporation which could not devote unlimited expenditure to scientific experiments.

"It is possible," says Mr. Hobson, "that a firm like the Standard Oil Company may to some limited extent practice a cheap philanthropy of profit-sharing, in order to deceive the public into supposing that its huge profits enrich many instead of a few." This is an unfair insinuation, since the Standard Oil Company has never attempted any profit-sharing or other philanthropic scheme in connection with its business. It has contented itself with steadily improving the quality and reducing the price of its product—a course which it has found to be highly profitable.

Mr. Hobson's reluctance to accept indisputable facts when they favor trusts is further shown by his reference to the cotton-seed-oil trust. After quoting Mr. Gunton's statement* that "during these four years the price of cotton-seed oil fell more than eight times as much as it did during the five years before the trust had formed," he adds in a footnote, "This statement, however, appears in contradiction to the report of the Committee on Investigation relative to trusts in the state of New York, p. 12."

Mr. Gunton's statement regarding the price of cotton-seed oil was taken from the daily market quotations as reported in the *New York Daily Commercial Bulletin*, now the *Journal of Commerce*, which fact was indicated in a foot-note on the same page. To quote the statement of a political committee created by the popular prejudice against trusts as authority on the price of trust products as against the daily market reports is very much like quoting the opinion of an underclad pedestrian on the state of the atmosphere against the mercury in the thermometer. Everybody acquainted with careful economic investigation knows that the reports of political committees, whether state, congressional or parliamentary, can never be relied on as furnishing exact data, because their information is chiefly composed of personal testimony by highly prejudiced parties on both sides. They serve well to indicate the state of public opinion, and bring out some general facts, but almost never furnish reliable or exact data.

This unscientific attitude on the subject of trusts is greatly to be regretted, since it is the one subject connected

*Economic and Social Aspects of Trusts. *Political Science Quarterly*, Vol. III., p. 396.

with the evolution of modern capitalism upon which scientific precision is most needed. In descending to the level of popular prejudice, Mr. Hobson drops the reins of scientific guidance at the very point where careless steering is most dangerous.

After Mr. Hobson gets past the trust question he resumes an orderly and creditable demeanor. His discussion of the influences of machinery upon consumers, laborers, towns, industrial development, and other phases of social life is excellent. He shows an appreciation of the action of the social and ethical forces upon economic development which is too often overlooked by economists. His chapter on "The Economy of High Wages" is specially good. He successfully combats the claim of Schoenhof, Atkinson, Rae and others that the individual capacity of laborers to produce increases directly with the rise of wages and shortening of hours, and he very properly says: "If it was generally true that by increasing wages and by shortening working hours the daily product of each laborer could be increased or even maintained, the social problem, so far as it relates to the alleviation of the poverty and misery of the lower grades of workers would admit of an easy solution." By some slip (we trust a typographical error) Mr. Hobson commits the mistake of connecting Mr. Gunton's name with that of Mr. Schoenhof in this relation, and says: "The moral which writers like Mr. Gunton and Mr. Schoenhof have sought to extract, and which has been accepted by not a few leaders in the labor movement, is that every rise in the wages and every shortening of hours will necessarily be followed by an equivalent or a more than equivalent rise in the efficiency of labor." The readers of the SOCIAL ECONOMIST need not be told that Mr. Gunton has always contended against this view. It is true, as a general fact, that countries which have high wages have the greatest per-capita production, but it does not come in any such way as the Schoenhof-Atkinson-Rae class of writers assume.

The way higher wages perceptibly increase output, especially where the working day is ten hours or less, is not by the increased personal efficiency of the laborer, but through the expansion of his social demands adding to the consuming capacity of the community and thence stimulating the use of

improved methods, which give larger products and consequently lower prices. Mr. Hobson states the case admirably when he says: "From the standpoint of the community nothing else than a rise in the average standard of current consumption can stimulate industry. When it is clearly grasped that a demand for commodities is the only demand for the use of labor and of capital, and not merely determines in what particular direction these requisites of production shall be applied, the hope of the future of our industry is seen to rest largely upon the confident belief that the working classes will use their higher wages, not to draw interest from investments (a self-destructive policy), but to raise their standard of life by the current satisfaction of all those wholesome desires of body and mind which lie latent under an economy of low wages." The large kernel of truth in this situation is that all the real societary improvement economy has rests not upon saving, but upon consuming; that the road to better social life and more efficient and cheaper production is through constantly increased consumption by the millions. It is not the contraction of the laborer's muscle, but the expansion of his desires and the strengthening of his demands and the broadening of his social life that gives happiness, cheapness, and progress to society.

Are Export Bounties Economic ?

The agitation in favor of putting export duties on agricultural products is having the wholesome effect of forcing the subject upon the attention of western economists. We have just received the following letter from a professor of the Stanford University :

STANFORD UNIVERSITY,

California, July 23, 1895.

MR. GEORGE GUNTON,
New York.

I take the liberty of addressing you as an economist, for your opinion of the plan now being agitated by Mr. David Lubin, of Sacramento, and others, of granting a government export bounty upon staple agricultural products—this as a remedy for our agricultural depression. If we grant its justice,

what are we to say of its expediency ? Do you think that, if the bounty were granted, it would not rather stick to the pockets of the middleman and exporter and never reach the farmer whom it is intended to benefit ? Hoping for a reply as soon as may be convenient,

I remain,

Yours very respectfully,

To begin with, we cannot "admit" the justice of the Lubin scheme. It asks that the government pay the freight on all exported agricultural products, and it does so on the avowed ground that this would raise the price to the farmer by exactly that amount, not merely on the goods exported, but on all similar products consumed at home. That means that a bonus is paid for every dollar's worth of agricultural products raised in this country. What is not paid out of the United States Treasury is to be paid by a consumer through the addition to the price.

We can see no equity in a tax the sole object of which is to raise the price without having any protecting effect on any of our industries. This bonus in no way guards the American farmer from competition with foreigners in our market, but simply pays the freight for him to ship abroad.

Mr. Lubin seems to think that this is protective. It is entirely contrary to all the principles of protection. If there is any virtue in protection at all it is to guard native industries or institutions against invasion from foreign and inferior industries or institutions ; in other words, it is to protect what we have against injury from without or being supplanted by an inferior.

Now, this bonus on exports does nothing of the kind. So far as the tax is concerned it is not protective at all, but wholly paternal.

Neither is it true, as Mr. Lubin argues, that the agricultural people in this country have to buy their manufactured wares at a higher price because of the tariff. In almost every line of manufacture prices have been greatly reduced through the immense developments of improved machinery, which the tariff has been the chief instrument of bringing about.

As we pointed out in our last issue the great fall in prices during the present century has been in manufactured and not

in agricultural products. Many of the latter are much higher now, some as much as 200 per cent. higher, than at the beginning of the century. The prices of all manufactured articles, on the contrary, have been greatly reduced, some as much as 50 and 80 per cent.

There is one serious objection to bounties in general. It is that they call for the payment of money right out of the Treasury, so that the greater the success of the industry to which the bounty is paid the greater is the drain upon the Treasury, and may easily create a deficiency, or may practically bankrupt the government if taxes are not adequately increased in anticipation, which is always an objectionable thing to do.

A protective tariff on the contrary always adds something to the Treasury and helps to lighten the taxes to be levied upon the community, besides protecting the industries to which they relate.

A bounty on exports is still more objectionable, because it turns our attention to producing for foreign markets instead of diversifying our industries for the development of home markets and home tastes.

The latest phase of this agitation is to commit the shipping interest to the Lubin scheme. This is well calculated to prevent American shipping from getting the protection it ought to have, and which it is very likely otherwise to obtain. A well devised measure for the protection of our shipping would receive the cordial support of protectionists everywhere. It is a proper part of the protective doctrine and policy, but if it is to be loaded up with a bounty on all agricultural exports, then its fate is surely sealed.

Mr. Lubin shows great adroitness in trying to induce the shipping people to pool their issues with his export bounty scheme. It is a piece of good spider-and-fly policy. It is almost incredible that the friends of the American marine should play the part of simple flies and walk into his parlor trap ; yet, there are evidences that he is having some success in that direction.

Seaboard, a journal published in New York City, devoted to the shipping interests, has been caught by Mr. Lubin's spider sophistry, and even so usually clear-minded a protectionist as

Captain William W. Bates, late Commissioner of Navigation, endorses the idea.

The burden of the argument for this bounty is based upon the claim that farmers have the same right to protection that manufacturers have. *Seaboard* says, "A bounty on exports of staples of agriculture would afford the producers thereof the same protection as our tariff on imports now gives to manufacturers. We certainly should not compel our farmers to compete at free trade prices when we protect our manufacturers against the competition of free trade prices. * * * Honest protectionists only need to see these facts clearly to admit the right of the producers of agricultural staples to protection, and to give it to them by a bounty. * * * Once protection is given to all American industries competing with foreign labor, and the cost of protection would be borne equally by all of our citizens. * * * When this is accomplished then Protection in the United States will be equitable, and not until then."

As we have before pointed out, this whole line of reasoning is based on a misconception both of the functions of protection and the economic difference between a bounty on exports and a duty on imports.

The *Seaboard* and other advocates of this scheme seem to think that the idea of protection is to protect American producers from competition with foreign labor. That is true as far as it goes, but it is only part of the truth. The doctrine of protection does imply protection against competition with the products of foreign labor in the American market, but it does not imply that our Government is to protect different producers from competing with foreign laborers in foreign countries. Protection is to preserve the American market for American producers, but it is not to accompany American producers all around the world and protect them against the cheap labor of Russia in Russia, or of England in England, by putting its hands into the United States Treasury and giving them the difference. If American producers want to sell their products in England, Germany, France, or Russia, they must sell under the conditions that prevail in English, German, French or Russian markets. It is not part of the doctrine of protection, nor should it ever be any part of public policy, to tax the people at home to enable producers to sell abroad. If we should adopt the

policy of paying the deficit of our manufacturers and farmers out of the public treasury to enable them to undersell Englishmen in England, Frenchmen in France, Germans in Germany, &c., those countries would be perfectly justified in passing absolutely prohibitory laws against us.

It is not only the economic right but the imperative duty of every nation to protect the opportunity of its own producers to sell their products in their own home markets. Suppose the English Government should grant a bounty of fifty cents a yard on woolen cloths, and so on through her various products, to enable English manufacturers to undersell American producers in our own market despite our tariff. We should very properly be incensed at the attitude, and would be perfectly justified to pass a law prohibiting English goods from entering the country. Farmers are entitled to the same protection as manufacturers or any other industry, that is, to the right of the full competitive opportunity of selling their products in the American market. We cannot govern their competitive status in the markets of other countries, and it is neither sound economics or good statesmanship to try by any other means than by developing an economic superiority through superior methods and greater skill.

Facts About the Bank of England.

To the student of monetary problems, and particularly banking, the Bank of England is one of the most interesting institutions in the world. On Jan. 1, 1895, it celebrated its second centennial anniversary. The scheme was projected by William Patterson, a Scotch merchant, in 1692, but finally received its charter July 27, 1694. It was organized to relieve William the Third from the difficulties he experienced in raising funds to prosecute the war against France.*

The terms of the charter were that the sum of £1,200,000 (\$6,000,000) should be raised, and that the subscribers should form themselves into a corporation styled "The Governor and Company of the Bank of England." The bank was also

For the facts in this article we are indebted to an article in the *State's Duty*, St. Louis, Mo.

to have the privilege of keeping the accounts of the public debt, paying dividends, issuing notes, etc., for which an allowance of £4,000 a year was granted. The whole of the capital was to be loaned to the government at 8 per cent. This interest, together with the £4,000 allowance, gave the bank a revenue of £100,000 per annum.

At its very outset the bank was a servant of the Government, and it has retained that character, but in somewhat diminished degree, through all the ages of its subsequent history. It is a curious fact that, although founded by a Scotchman, Scotchmen are eschewed by the bank. What the first of the race did to entail the ban upon his fellow countrymen is not recorded, but it is commonly said in London that three descriptions of persons are excluded in practice from employment at the bank—namely, Scotchmen, Jews, and Quakers.

The first offices occupied by the bank (1695 to 1724) were at the Grocer's Hall, in the Poultry. About 160 years ago the bank moved to Threadneedle street. Probably no building in the world is better known than the irregular and massive stone structure of one story which stands in the financial center of the city of London, now occupied by this great institution. It is the principal stopping for the omnibuses, coaches, and cars of the world's metropolis; and the stranger in London who for the first time hears the shouts from the drivers and conductors of these public conveyances might well be led to believe that the Bank of England was the ultimate destination of every man in the city.

The building itself occupies the unique position of being situated in four parishes. It stands opposite the Mansion House, and covers between three and a half and four acres of ground. It occupies the space between Lothbury on the north, Threadneedle street on the South, Bartholomew lane on the east, and Princes street on the west. Its characteristic feature is security rather than elegance. The east and west wings were not completed until 1787, and subsequently a portion of the original structure was taken down, and alterations made.

The principal entrance is on Threadneedle street. The general banking room, which is open to the public, is a spacious apartment of somewhat modern appearance. The visitor is

usually struck with the air of respectability and business that pervades the entire place. Permission is granted to view the directors' room and certain other parts of the building, including the weighing and note-printing rooms, if the visitor is provided with a card or letter of introduction from any reputable merchant or banker in the city.

A director's order—very difficult, however, to secure—will permit an inspection of the basement and the vaults below, where the bullion, specie, and other valuables are stored. Here also may be seen a large collection of gold ornaments, such as rings, necklaces, and coronets, unburnished and rude in execution, but many admirable in design, which are the residue of the Ashantee indemnity. Much of the original quantity has been melted down and coined.

In another part of the basement are the barracks, where thirty soldiers are quartered from 7 p. m. to 7 a. m., for the protection of the bank. It has been the custom to station soldiers at the bank ever since the riots of June, 1780, when an attempt was made to sack the bank. The Bank of England first issued notes in 1695, which were of the £20. The £10 notes were issued in 1759, and the £5 notes in 1793. At one time during the early years of the present century notes of £1 and £2 were issued, but in 1844 they were all withdrawn from circulation, and no notes are issued for less than £5, and none higher than £1,000.

These notes may be said to be the safest pieces of paper in the world, as under any circumstances the bank could pay with gold any one in circulation without one pound of the capital of the institution being touched. They are a legal tender everywhere in the United Kingdom except at the bank itself, where they must be paid in gold.

These notes are all made in the bank building, and when once paid back into the bank are never again issued out. After going through a process of cancellation they are kept for ten years and then totally destroyed. Large quantities of gold coin and bullion are constantly being handled, and pass in and out of the bank. On an average 45,000 sovereigns pass over the counters every day.

By the Bank Charter Act of 1844 the bank was divided into two departments, the issue and the banking. By the same

act the debt then due to the bank from the government was stated to be due the issue department, and against this they were allowed to issue notes without holding gold. The government debt, originally £1,200,000, was subsequently increased by various amounts, until in 1816 it reached £14,680,000, but one-fourth of this was subsequently repaid. Since 1860 the amount has stood at £11,015,100, on which the bank now receives $2\frac{1}{2}$ per cent.

The bank started with a capital, as stated, of £1,200,000. In two years this was increased to £2,201,000. In 1710 it was again increased to £5,560,000. On June 29, 1816, it was increased to its present sum of £14,553,000, equal to about \$72,700,000. No reports of the bank are made beyond the regular weekly statement.

The Bank of England has sometimes been in difficulties. It failed in 1696, and in its earlier years it was subjected to many runs, some organized by the jealous private bankers, some the result of political causes. The policy of the bank has been assailed many times on both sides. Pamphlets, papers and books have been written attacking it, covering many shelves in the British Museum. Of course, many of these papers are just in their criticisms, and many are unjust. The management has not been without its faults.

The volume of information collected together on banking and currency by parliamentary committees between the years 1797 and 1819 tends to show the reckless conduct into which the directors fell at that juncture of the bank's history. In 1824 the amount of gold in the vaults amounted to £14,142,000, the largest sum that had ever been held up to that time.

In the panic of 1825, in which no less than 770 banks in Great Britain failed, the demand for gold was enormous. Every effort was made to procure gold at any price. Meantime the accumulations of the bank had drifted away, owing to the turn in foreign exchanges, and in December the bank (which at the beginning of the year had over £14,000,000 in gold) had but £1,000,000 left. A way out of the difficulties caused by that panic was found in the issue of some £1 notes found in an old chest which had been forgotten, but which was discovered at the appropriate time.

The present Governor of the bank and the Deputy Gov-

ernor each receive a salary of £1,000 a year. The bank has 24 directors, each of which must hold £2,000 of stock, and who receive £500 a year compensation. There are in all 1,050 persons employed in the various departments of the institution, and their united salaries amount to about £1,400,000 a year.

Up to 1826 it was the only joint stock bank in England, and until 1835 it remained the only joint stock bank in London. At that date the London and Westminster Bank was founded, and at the same time forty other joint stock banks were established in Great Britain. The original charter gave the bank of England the exclusive privilege of issuing notes payable on demand, but it did not give it the exclusive privilege of receiving deposits. In the old days when the charter was framed the term "banking" referred chiefly to the issue of notes, deposit banking being then hardly known.

The Bank of England is not only the banker of the Government, but it is also the banker's bank. All other banks keep their bullion reserves at the Bank of England, and this is one fact that gives the establishment its special importance as the center of England's monetary system. This reserve is seldom allowed to fall below £10,000,000, a fair average being from £10,000,000 to £14,000,000. The daily transactions of this institution sometimes run as high as £6,500,000.

The number of persons receiving dividends is nearly 284,000. Nearly £25,000,000 (\$124,000,000) are annually paid out by the bank as dividends on stock annuities reaching the enormous sum of £775,000,000 or say \$3,873,000,000.

During the year 1892 the stock of the bank sold as high as £344 per share, and as low as £325. The highest dividend ever paid was in 1697, 27½ per cent., and the lowest during the years 1753-63, 4½ per cent. For twenty years the dividend has averaged about 10 per cent.

Is Our Republic a Failure ?

That the social problem is taking precedence of all other public questions is becoming more manifest every day. Not merely are acute economic questions being made the specific basis of legislation, but social problems in their larger societary

aspect are receiving scientific attention. This is one of the hopeful signs of our age. When the public mind reaches the state of subjecting the treatment of economic questions to scientific principles, questions like the tariff, money, and wages will cease to be treated as mere local topics to be pulled, hauled, and patched with regard only to the political advantage or disadvantage of any particular party.

As an evidence of the progress being made in this direction, a new magazine, *The American Journal of Sociology*, has been started; it is published by the University of Chicago Press. If this magazine keeps up the standard established by the first number, it will be a real addition to current social literature. As a specimen of its contents, we print the following article from the pen of Harry Pratt Judson of the University of Chicago :

A gentleman prominently connected with the diplomatic service of a European nation said to me a few years ago : "You must remember that your republic is even now merely an experiment. A century is nothing in the history of a nation. And it is yet to be proved that a democratic government on a large scale is a practicable thing."

I think we must admit that so far he was quite right. He was convinced, it might be added, that already signs of failure are obvious. He has no faith that the experiment will succeed. He insists that democracy, as in the days of Cæsar and Cromwell and Napoleon, must lead to autocracy.

Is he right in this also ?

We must bear in mind that our government is not merely a republic. Holland under the stadtholders was that, and so was Venice. But both were profoundly aristocratic. Each was in fact ruled by a small oligarchy. But with us the basis of government is popular. We are a democracy—a democratic republic.

Of course it is not intended by that to imply that with us *all* the people share in government. From the nature of the case that is and always must be a physical impossibility. Even altogether aside from the question of woman suffrage, it is obvious that there will always be a large number of children and an appreciable number of criminals and persons of disordered and weak mind who should not be entrusted with

political power. The real difference, then, between what we call an oligarchy and what we call a democracy is that in the former the political people are few, in the latter the political people are many. Of course in a modern state by the political people we mean those possessed of the elective franchise. These in our country are now about one person in five of the whole population. If women were permitted to vote on equal terms with men the proportion would presumably be about two persons in five.

This then is the first characteristic of a political democracy. The political people are relatively very numerous.

The second characteristic is eligibility to public office. With us this is nearly as unlimited as the elective franchise. The age limit is somewhat higher, and occasionally there is a residence limitation also. To be sure no one can be president of the United States who is less than thirty-five years old. But, inasmuch as there are several millions of men in the various states who are above that age, and as these include practically all who under almost any supposable circumstances would be considered possibilities, we can hardly call the limitation a drastic one. Certainly there is never any dearth of candidates.

Compare this with the French law just preceding the revolution of 1848, which required the payment of direct taxes amounting to \$2,000 a year as a condition of eligibility to sit in the lower house of the national legislature. By this means frequently there were not more than fifty men in a department who were thus eligible. Suppose the case that only fifty men in Illinois were legally qualified for membership in the national house of representatives! In fact we have the privilege of choosing our members from at least a half million men.

In both these respects, then—eligibility for the suffrage and eligibility to office—we are very democratic. And not only that—for the whole of our history we have steadily been becoming more democratic. A hundred years ago, the property qualification was required for suffrage in nearly all the states. It has been swept away. And thus the proportional number of voters has been greatly increased.

At the time of our revolutionary war, the most of the states restricted eligibility to hold office by requirements of

property or religious belief. I quote from McMaster (III., 148):

"No atheists, no free-thinkers, no Jews, no Roman Catholics, no man, in short, who was not a believer in some form of the Protestant faith, could ever be governor of New Jersey, New Hampshire, Connecticut, or Vermont. Any rich Christian might be the executive of Massachusetts or Maryland. Elsewhere he must be a Trinitarian and a believer in the divine authority of the Bible, or acknowledge one God, believe in heaven and hell, and be ready to declare openly that every word in the Testaments, both old and new, was divinely inspired. Not content with restrictions such as these, many of the states went further, and required that the governor should not only be pious but rich. In one he must have an estate of £100, in another of £500, in another of £5000, in another of £10,000."

All these limitations have disappeared. Some of our states have governors who are not rich. And there are some governors who are not pious. In short, the number of men legally eligible to that high office has largely increased. There are very few men of full age in this audience who, should they be elected, could not be governor of this state, or a member of either house of our general assembly.

I suppose that the essence of a republic lies in the absence of hereditary tenure of public office. And it is quite true that we are not blessed in this country with a Prince of Wales who will become chief magistrate of the nation merely because his great-grandfather held that exalted station; or with an upper house of the national legislature constructed on the same wise plan. It has been said that to educate a boy one should begin with his grandfather. It is not so sure that that is the best way to make a congressman. In short, rightly or wrongly, the republic chooses live men as its officers. The monarchy submits to dead men. It is the mouldering bones of old George the First which in fact fill the English throne. But it would not be easy for the plain man to prove that our President ever had a grandfather.

Here, then, is a form of government to all whose offices many thousands of men are eligible, and to whose elective franchise nearly every man of full age is entitled. It is a democratic republic. And from its inception in 1776 to the present day it has been steadily growing more democratic and more republican.

Is it a failure ?

There is no room for the cheerful optimism which sees only the glories of the republic. The true patriot must scan anxiously its dangers as well. And the thoughtful mind must admit that in our public life there are some undoubted and alarming evils.

Of these, perhaps, none is more grave than the disappearance of public confidence in our legislative bodies.

Our revolt from Great Britain was an escape from submission to a rule to which we did not consent. And we entered on a career of independence in cheerful confidence that now we should have our own way and all would be well. We would not be taxed by Parliament, a body in which we were not represented. We would be taxed only by our own legislatures. Our legislatures were the representatives of the people, and surely the people could govern themselves.

But gradually it was learned that these representatives could not altogether be trusted. This was a surprising revelation. But in the effort to guard the public against these agents of the public our state constitutions have been loaded with restrictions on the legislative power. A long and increasing series of acts has been flatly forbidden. The appointing power and veto power of the governor have been greatly increased. The courts have been carefully vested with the power of scrutinizing legislation and nullifying such as conflicts with the organic law.

In the first constitution of the state of New York almost nothing was expressly forbidden to the legislature. In the last constitution of that state there are pages of distinct prohibitions on that body, besides a considerable number of powers, once legislative, but now vested in other authorities.

The first constitution of Illinois gave the legislature the power of electing nearly all state officials below the governor. The present constitution of this state has taken away practically all this authority.

These are mere illustrations. To the student of the development of our state constitutions nothing is more striking than the extraordinary growth in the number and variety of restrictions on the legislative power. And each individual one of these restrictions has been the result of some abuse.

And this historical fact is equally true of our local legislatures in municipal affairs. City councils have been stripped of power after power, until in New York and Brooklyn they are mere shadows. And in Chicago few people would mourn if the common council were nothing more than a shadow.

Here, then, is a fact in constitutional history. The development of our organic law since the republic was founded exhibits a growing distrust of legislatures and an incessant multiplication of measures calculated to hedge them about with restrictions.

And this state of public opinion, so clearly reflected in constitutional enactments, has become deeply impressed on the public consciousness.

Nothing is more common than the opinion that our legislative bodies, from Congress to the common council, are both ignorant and venal. We all remember the case of the young member of Congress from the far west, who, when he took his seat and listened with awe to the speeches of his colleagues whose names had been to him household words, audibly expressed the wonder how in thunder he got there. After he had been a member for a year he wondered how in thunder any of them got there. More than one business man since 1893 has despairingly wished that Congress would adjourn for ten years. And in his old age one day Gouverneur Morris remarked to John Jay: "Jay, what a set of damned scoundrels we had in that Second (Continental) Congress." And Jay assented. This was the Congress which declared our independence and waged the Revolutionary War.

And the periodical adjournment of our state legislatures is usually welcomed with a sigh of relief. It is well understood that these bodies as a rule are not independent lawmakers. They move only as the wires are pulled by their various masters, political and financial. The taint of jobbery and bribery infects them. The lobby has come to be called "the third house"—and the lobby as a rule means bribery, direct or indirect. It is a regular thing for "sand-bagging" bills to be introduced, whose only object is to extort money from wealthy interests which the bills threaten. And on the other hand the most salutary measures often fail if they antagonize the profits of powerful corporations. Meanwhile legitimate legislative

business is choked by a mass of bills, while the vicious committee system puts it in the power of small cliques to smother at will almost any measure they please. Our legislatures are no longer deliberative bodies.

As to our city councils, the very name in our large cities has become malodorous. If one should explain to this audience that in German cities membership in the municipal council gives valuable social rank, an involuntary grin would ripple from the platform to the door. Such a notion seems to us quite weirdly grotesque. We are surprised and thankful if one more than a third in such a body will occasionally vote against corrupt measures. And when a man of character and standing consents to an election to the council, the community looks on it as almost quixotically self-sacrificing.

Is it not a fact that we have come to expect much more from the President of the United States than from Congress—that we look to the governors of our states for protection from the crude and corrupt action of our legislatures—and that civic reform is embodied in the mayor? It may be admitted that states occasionally have selected for their chief magistrates some very extraordinary individuals. About two years ago there was an eruption of wild-eyed governors in several states—political pimples, indicative of poison in the blood of the body politic. But after all that was an incident—one on the whole which has occurred rather seldom. And on the other hand, can any one at this moment point to any state legislature which is clearly and unmistakably as valuable to the public as the few executives in question were valueless?

A second grave fact which confronts us is the actual tyranny which prevails at too many points and at too many times in the republic.

One form of this is the tyranny of aggregated wealth. It is too late a day in the history of modern society to deplore the union of capital in masses for the accomplishment of ends which can only be attained by vast financial power. The achievements of to-day consist in the application of tremendous controlled energies in the overcoming of gigantic obstacles. We transport our merchandise not in single wagons loaded with hundred-weight and hauled by creeping oxen, but in long trains crammed with hundreds of tons and whirled through

space by powerful steam engines. We build bridges not over rivulets but over arms of the sea—measuring their length not in rods but miles. And in all the infinity of great undertakings which engage the restless activities of our leaders of industry capital is demanded, not in thousands but in millions—not in millions, but in hundreds of millions. 'How else could we cleave the continent with the Nicaragua canal or span it with the steel rails of our Pacific highways? The nineteenth century is not the eighteenth. To-day is not yesterday. Capital must be massed in order to work out the plain and necessary tasks which with their gigantic difficulties confront us with our gigantic powers.

But in wielding great resources for the attainment of grand results, the individual has withered. The rights and interests of a single puny human unit, if in the way, are crushed as if by a car of Juggernaut. The general of an army thinks of his men as so many machines. That they have nerves, hopes, longings, affections, of all this he takes no thought. So many men he allows to be destroyed in exchange for a battery. So many more he gladly sacrifices for a strategic point. That is war. And so in the business of our great corporations. The employés are too apt to be held as mere cogs or pinions in the machinery. If men could be fabricated of brass and leather, to be set going by changing a power belt, to be stopped by touching a lever, our corporations would gladly discard flesh and blood. But as the human brain and the human hand must be employed, they are handled as nearly as possible as though in fact they were of brass and leather. "Thou shalt love thy neighbor as thyself" was not addressed to a modern corporation.

And it is not merely the employé whose rights and feelings are disregarded. The classic remark of a great captain of industry when the interests of the public were mentioned to him, was, "The public be damned." And that was merely a coarse and blunt expression of the actual spirit of nearly all corporate action. The legal fiction of a soulless corporation is the expression of a biting social fact. The corporation has no soul. It has no heart. It is only a brain and a muscular, grasping hand.

And so it is that in dealing with employés and in dealing with the public our corporations are in fact too often a tyranny

remorseless as that against which our fathers rebelled in 1776.

Now, observe, I speak of corporations, not of their members. A man may have a conscience of his own. But it is a strange fact that in combined action the moral temperature of the mass is always lower than that of its individuals. Political parties as such do things which their component individuals would scorn. Nations in their intercourse to-day follow little more than the brutal principles of the middle ages. And the conscienceless tyranny of too many of our financial combinations is a tendency as inevitable as that of gravitation. It is not necessarily and only the product of the shameless wickedness of the units of the corporation. When an express train thunders over the shrinking form of a child who has fallen on the tracks, it crushes remorselessly the quivering flesh and the tender bones and the thrilling nerves. The pity of it—the pity of it! And yet vituperation at the engineer, or the conductor, or the directors, is idle. See if blame rests on them, surely. But turn your best energies to finding a device that hereafter a child cannot fall on the track.

There is another form of modern tyranny in our republic. The union of employés is as inevitable as the union of capital. Labor organizations and corporations are the two poles of the modern industrial world. And no one can deny that in union the laboring man has found strength.

But—when the union denies to any man the right to earn his living by any honest work which he chooses—when physical violence is used to enforce this denial—then there is a tyranny as utter and as brutal as any ever wielded by absolute monarch. Freedom is a cherished boon in this American republic. Our forefathers gave their blood and their lives to win it. And we their children will not easily yield it at the demand of any man or of any body of men.

Bearing in mind, then, the imbecility of one vital branch of our republican form of government, the grasping and pitiless tyranny of aggregated capital, and the equally brutal tyranny of aggregated labor, it is well to ask ourselves seriously the question whether these ominous dangers are inherent in our republican democracy. They are sapping the national strength. They are disintegrating the national conscience. They are corrupting the national heart. Can we escape them by a mon-

archy? Is aristocracy really the government of the best? Was the declaration of independence in truth the beginning of our woes?

In trying to answer these questions we should remember in the first place that democracy brings all things into the light. Democracy is eternally inquisitive. The "bright, keen sunlight of publicity" brings out every blemish, searches into every flaw. Our ladies will assure us that it is only a perfect complexion that will stand a blaze of direct light. Shadows and cloudy days soften rugged outlines. It is just so in the state. Surely no autocracy could be more absolute than that of Russia. And could free speech and a free press exploit the reserve of that autocratic administration, there is little doubt that there would be revealed a corruption which would out-Tammany Tammany itself. In other words, we may be very sure that we know the very worst of our democracy. But who knows the quiet things which underlie the smooth surface of hereditary aristocracy? Now and then a Stead drags them into daylight—and he goes to prison for his pains. Now and then a Bastille is stormed—and the secrets of the prison crypts are revealed. Nepotism and sinecures, too, are the horror of democracy—they are the commonplace of aristocracy. We must allow, then, for this difference of publicity and for this difference of emphasis. The first English slave-trader, John Hawkins, was rewarded with knighthood by Queen Elizabeth. The last slave-trader of Saxon race was not knighted. He was hanged in New York harbor. There is a difference in the point of view. Again, we must remember that after all the most serious issue is not governmental. It is social. The real question is not—Is republican government a failure? It is this—Is modern civilization a failure? The same flagrant corruption has been seen under monarchical forms. The second empire in France was rotten to the core. It was not a lack of French valor which caused France to go down before the German artillery at Sedan. It was the swindling contractors, the fraudulent officials, the imbecile administration. Was the empire a failure? Yes—but only as falseness permeated official France.

Could public life be worse than it was in England under the Georges! Bribery reigned supreme in parliament. Bor-

oughs were known to advertise in the public prints that they would sell their seats in the House of Commons to the highest bidder. The union with Ireland was carried through in 1800 by processes which would put our most cynical lobbyists to the blush. Sinecures in church and state, pensions and peerages for infamous services, were as thick as blackberries.

And the tyranny of banded capitalists, on the one hand, and of banded toilers on the other, is as strenuous in monarchical Europe as in democratic America.

I repeat—the prime question is social. And it is gravely menacing throughout all the civilized nations. The truth is that democracy merely strips away disguises and puts us face to face with the facts. Monarchy and aristocracy are an evasion of the issue—they temporize. It is idle for men to try to avoid personal responsibility. The crucial question of the ages is simply this: Can men govern themselves? The affirmative is civilization—the negative is barbarism. The whole trend of modern life—the sweep of modern progress—is towards individual freedom and individual responsibility. And that is only another way of saying democracy. Shifting the responsibility to some heaven-born ruler is mere cowardice. It is putting off the inevitable. Seek to evade it as we may, sooner or later men must find themselves everywhere face to face with the issue of self-government. Europe to-day is vastly more democratic than it was when our Continental Congress declared the independence of these United States. Universal suffrage rules European legislation from the Atlantic to the borders of Russia. Aristocratic power is stubborn. But it is slipping away. One might as well try to swim up Niagara Falls as attempt to set back this on-rushing tide of democracy.

And it is the glory of our fathers that they looked into the future with the eye of the seer. They dared to cut loose from the hereditary systems of the old world. They dared at that early day to assume, for themselves and their posterity, the responsibility of self-guidance. And that responsibility now rests on us.

It is evident that self-control means conscience and honor. And it is these qualities which a democracy pre-eminently needs. Here is the lack of our age. Democracy means indi-

vidualism. And that has too fatefully come to mean yielding to the individual desire. It is what I want—or what I think I want—not what I ought—which determines my action. And so my moral strength becomes flabby. Here is the secret of the yielding of personal honesty to corporate unscrupulousness. Here is the secret of legislative corruption. More—here is the secret of that laxness of the family tie which is fattening our divorce courts and starving our delicate sense of duty. The ideal of the republic should not be sensuous ease, but fearless honor. Luxury and display belong to old-world courts. He is not fit to live in the freedom of a republic who does not scorn a bribe—who does not look on personal dishonor as on bodily filth.

I believe profoundly that in our people there is a soundness at the heart which no superficial corruption can infect. We have met great dangers in our national history. And we have conquered them. The day in honor of which we are here assembled meant that a crisis had come. It could only be met by personal sacrifice—by fearless devotion to principle. The people rose to the needs of the occasion. They pledged their lives, their fortunes, and their sacred honor. And they were victorious.

There came a second crisis, as grave as that of 1776. The republic seemed ready to fall to pieces. But the men who had frustrated the tyranny of George III. were ready to do battle with civil anarchy also. They formed a constitution and put it in force. And the second great danger was faced and routed.

In 1861 came the third great crisis. There was a fatal ambiguity in the organic law to be settled—there was an “irrepressible conflict” in local institutions to be harmonized. Wisdom was lacking to find a peaceful way out. And the solution was in blood. But there was a national heroism which again pledged “life, fortune, and sacred honor.” The Civil War is over. We are far enough from it to rejoice that the nation is still a nation, and at the same time to do reverence to the devoted patriotism both of victors and of vanquished. Grant at Appomattox was victorious, but not vindictive. Robert Lee lost his campaign, but never his honor. They both were Americans. And as the Englishman of to-day is equally proud of fiery Prince Rupert and of the stern Puritan Ironsides against

whom his cavaliers were shattered, so in coming years the American will thrill alike at the story of Burnside's men at Marye's Heights and of Pickett's Virginians at Gettysburg. Their common glory belongs to our common country.

If there was enough stubborn vitality in the American people to carry them through these great national perils, is it likely that we shall succumb to those now impending ?

I do not believe it. We shall learn how to deal with faithless and incompetent legislatures. We shall learn how to adapt our civilization to new forms of social organization. We shall learn a more delicate sense of public honor. We shall learn how to stand together in all the states as one man in stern opposition to political swindlers, whatever name they may assume. And in all our difficulties and in the stress of our most bitter strife, the thought of the men of '76 will be to us always the inspiration which we need. They cared more for honor and for self-respecting liberty than for property or for life. And inspired by that spirit our republic can never fail.

HARRY PRATT JUDSON.

THE UNIVERSITY OF CHICAGO.

Trusts and Wages.

A comprehension of the existing prejudice against "trusts" is much assisted by a study of the circumstances under which it originated and grew, for instance, the odious practices of the mediaeval "engrossers," "forestallers" and "regraters."

This mediaeval prejudice was greatly intensified by the practice of creating monopolies, by means of the arbitrary exercise of governmental power. The prejudice in England, for instance, became so intense as to result in the enactment of the "statute of monopolies" (in 1623). We cannot stop here to dwell upon the radical, but generally overlooked, distinction between a "monopoly" artificially and arbitrarily forced upon a people by governmental power (like those existing in the time of Elizabeth and James) and a "monopoly" growing up naturally in accordance with the general laws of trade and industry, like our modern "trusts." But the distinction serves to suggest the value of a knowledge of the origin of a given popular opinion in pronouncing upon the reasonableness or un-

reasonableness of its continuance under widely different conditions remote as to time and place.

We need not take time here to elaborately define a trust. It will suffice us to roughly conceive of one as an immense combination of those engaged in any given branch of industry, whether under the form of a corporation or not.

In passing judgment upon these great combinations, we shall employ the simple test indicated by Dr. Adam Smith :—"What improves the circumstances of the greater part can never be regarded as an inconveniency to the whole." ("Wealth of Nations," Bk. I., c. 8, p. 36.)

There is no difficulty in answering the question who are "the greater part." Of course, they are the wage-earners. According to Mr. Edward Atkinson (in his "Distribution of Products," pp. 91, 106), out of a population in the United States of 50,155,783, in 1880, the wage-earners numbered 16,200,000, representing a population of about 47,500,000, that is, *nineteen-twentieths* of the entire population.

We shall not dwell at length on the overwhelming evidence that the existence of trust combinations has largely increased real wages by cheapening the prices of the necessities of life for which wages are spent.

The growth of that much-abused "monopoly," the Standard Oil Trust has resulted in an annual saving of more than one hundred millions of dollars, perhaps more than two hundred millions, to the consumers of its products; and the available evidence points to the conclusion that the growth of other like industrial combinations will be followed by like benefits to the consumers.

Confirmatory evidence is furnished by the extensive reductions in charges for railroad transportation, resulting from the practice of railroad consolidation on a colossal scale. Had the patrons of our railroads paid in 1891 for the passenger and freight service furnished them at the same rate they paid in 1882, they would have paid \$284,637,069 more than they actually did—a sum more than half the annual expenditure of the United States government.

But is the tendency of the existence of trusts to raise nominal as well as real wages?

It is unnecessary to claim that there is any direct connection between the existence of trust combinations and the rate of wages. We hope, however, to at least make clear that the forces tending to raise the rate of wages work far more rapidly and efficiently in an industrial condition characterized by the existence of trusts.

Obviously the continuous increase and extension of trusts is the continuous substitution of production on a large scale for production on a small scale. But so is the increase and extension of machinery. Now, if the use of machinery has operated whether directly or indirectly, to raise the rate of wages, it is at least a plausible supposition that the increase and extension of trusts will have the like effect.

According to Mr. Robert Giffen's inaugural address as president of the Royal Statistical Society of England in 1883 (as quoted in Mr. Wells' "Recent Economic Changes," c. 10, p. 406) in Great Britain, "the average money wages of the working classes of the community, looking at them in the mass, and comparing the mass of fifty years ago with the mass of the present time, have increased very nearly one hundred per cent.," and "by far the largest proportion (of this increase) has occurred within the later years of this period, and has been concurrent with the larger introduction and use of machinery."

Prof. Gunton has prepared tables showing that, as between the years 1860 and 1890, not only has "the general purchasing power of wages been greatly increased," but also "the increase has been very much greater in those industries where the greatest concentration of capital has taken place." (*Social Economist*, part 4, c. 6, p. 409.)

Mr. Atkinson has shown ("Distribution of Products," p. 120) that the wages per hour of operatives in the New England cotton industry in 1884 were double what they were in 1830. But, meantime, in that industry production on a large scale has been substituted for production on a small scale, to the extent that (p. 124) "each unit of the machinery itself has become so much more effective that one operative will perform three and a half times the work in eleven hours than one operative would perform from 1830 to 1840 in thirteen hours." He adds: "In the heart of this country upon the hillsides and in the valleys of great Allegheny region, in Virginia, in Kentucky, in Ten-

nessee, and in the Carolinas, there is a population of two millions or more of people, who are even to this day chiefly clad in homespun fabrics, of which the yarn is spun upon the hand spinning-wheel, and woven upon the hand-loom. * * * The cost of spinning and weaving the standard sheeting in the northern factory in 1883 was 18-100 cents per yard. If the Southern operatives were obliged to sell their product in the open market at the same rate of wages—that is, at the wages which could be derived from 18-100 cents per yard—the total earnings,” as he shows, “ would be a trifle over \$5 a year for each worker.”

There are those who, inheriting a mediaeval prejudice that originated under industrial conditions widely different from those of the present time, oppose the formation of the great industrial combinations, the professed aim of which is and the demonstrated effects of which are, to substitute production on an enormous scale, coupled with a low price, for production on a limited scale, coupled with a high price.

But what is the essential difference between this position and that of a dweller in the Southern cotton region, who would urge his fellows to continue producing cotton goods in the present method, and oppose the introduction of the method employed in the New England cotton factories?

It remains to show that the growth of these great trust combinations will, through the medium of increased wages, be largely influential in preventing and curing industrial depressions. For this purpose it is desirable to clearly understand just what is the cause of such depressions.

In mediaeval times, at least in the later portion thereof, any given society consisted, roughly speaking, of three great groups, the wealthy ruling classes (with their immediate dependents), the toiling agricultural masses, whose condition was little better than that of slaves of the first class, and the traders and manufacturers. But the third class busied themselves, for the most part, in satisfying the wants of the first class, by furnishing them with costly hand-made luxuries; with satisfying the wants of the great masses of the people they had little or nothing to do, and were but little concerned about their condition. But since the great industrial revolution of the last century, the continuous introduction of machinery on an enormous scale has resulted in the manufacture of a vast number of cheap

machine-made articles. Production under these conditions requires a large market. Unlike the trader and manufacturer of mediaeval times, the trader and manufacturer of to-day find it absolutely essential to their prosperity to find a market, not merely among the wealthy few, but among the great masses of the people, that is, the wage-earners. If now the masses do not furnish such a market, in other words, if wages are as a rule low, it follows that traders and manufacturers cannot find an adequate market. Hence "overproduction," or rather "underconsumption," that results in "hard times" or industrial depression. It follows that the radical cure for industrial depression is to raise the wages of the masses and thus furnish a market.

As we have seen, wages are rising and thus the causes of industrial depression are gradually diminishing. A generally diffused knowledge of the true cause of these depressions will undoubtedly cause wages to rise more rapidly. And there are as it seems to us, reasons for thinking that such rise will be far more rapid and certain in an industrial condition characterized by a single great "trust" combination in each branch of industry than it is under the present condition of a comparatively large number of independent traders and manufacturers. Among so large a number the cut-throat competition is very keen, so that it often becomes practically impossible for any given producer to yield to influences tending to raise the wages of his employees. But the great diminution in the general expenses of production, accompanied with the absence of close competition, will make it comparatively easy for a trust combination to yield to influences tending to raise wages. We know that such influences will then as now be at work. If our view be correct, they will have "a line of least resistance to follow." We have already discovered positive proof that wages tend to rise most rapidly "in those industries where the greatest concentration of capital has taken place."

Thus have we endeavored to show that all signs point toward the correctness of the conclusion that the existence of trusts (so-called) tends to increase wages, real and nominal, as well as to prevent and cure industrial depression. No matter, then, whether as a result of trusts, a wealthy few are made poorer, or made richer, or just "hold their own." As was the

case with the machinery introduced with the great industrial revolution in the latter part of the eighteenth century, the mode of substitution of production on a large scale, for production on a small scale, that has, in the latter part of the nineteenth century, taken the form of gigantic industrial combinations, finds ample justification in its demonstrated tendency to "improve the circumstances of the greater part." It "can never be regarded as an inconvenience to the whole."

FREDERICK H. COOKE.

Outlines of an Effective System of Ship Protection.

The duty of protectionists toward ocean navigation was briefly set forth by the writer in the number for June. Next in order, at least an outline should be given of the method of protection which he feels assured is best calculated to effect the rebuilding and complete rehabilitation of our marine in the foreign trade. Of other remedies for our shipping disability it may be said, they have been before the country twenty-five years, and are still before it for acceptance, with little prospect of success. Their fault may be that they do not appeal to patriotic judgment. Our people do not lack in love of country. There must be a chord by which our pride can delight in our flag at sea, and a practical way to put it afloat and protect its presence in every trade.

In nature the use of protection is universal ; all encroachments call for defence. Protection and defence are primal duties of life. Races and nations, communities and persons perform these duties or suffer a train of evils, among them poverty, slavery and death. When it is good, government itself is a protective agency. The first act of a moral government is preparation to protect citizens and their industries. Prosperity means home markets, and, necessarily, the taxing of rivals. What study is to faculties development of resources is to nations—a duty and advantage. Through enterprise and labor only do nations grow rich and great. Wise rulers not only protect and defend, but make industrial opportunities for their people. The national power attests the care taken for every element of strength. A sea-girt country, like our own, neglecting navigation need not expect repute for statesmanship. The world

knows we should give to pursuits of the sea the same heed and help given wisely to the industries of the land. Citizens, on land or sea, should have the same chance to thrive; not alone for private but for public reasons. The ocean—if we use it—is a vast source of commercial, financial and military power. We cannot afford to enrich foreign nations by giving them our commerce. We dare not become their dependent debtors lest later we become their disciplined subjects. A shipless nation has a faint hold on freedom and prosperity. It is visibly weak and defenceless. Only naval powers can enforce the world's esteem. The larger the fleet the louder the praise. Viewed in this light, the failure of our unprotected shipping has been a calamity produced by misgovernment. It has raised the question, will Democracy assert or long maintain its rights at sea? Is it romance or history that navigation and commerce have flourished best under arbitrary rule?

When the Government was founded our statesmen knew that shipping of our own was essential to prosperity. They created our early marine. What was needful then was simply to secure employment for our vessels. Accordingly, the first acts of Congress gave to ship-building and ship-owning necessary protection by tariff and navigation laws. For thirty-five years differential duties favored our own flag and soon secured ninety per cent. of import traffic for our ships. Assured of cargoes homeward, American vessels carried cheaply outward, and thus encouraged exportation. The extra duty charged goods by foreign ships was generally ten per cent. On merchandise from India and China the duties were two-fold, and developed direct American traffic. Our vessels sailed with confidence, and entered every trade, while their country backed them manfully by dues and duties and restrictions on indirect arrivals. On the other hand, American ships had to be home built, their owners citizens, their crews mostly native or naturalized, and pay tonnage taxes for revenue. In thus protecting shipping, the nation protected itself.

In the course of time a change of policy came. A free-trade policy styled "Maritime Reciprocity" was substituted for protection. As a consequence, in our foreign trade, decrease of American carriage and increase of foreign set in. Naturally, decay followed declination. In about thirty years' time we lost

and foreign nations gained 24 per cent. of traffic. Then the war for the Union came, and swept away 38 per cent. The pernicious policy has been continued since the war and has alienated 26 per cent. more. Under further continuation, full forfeiture is threatened.

Unequal and unfair conditions for competition have naturally caused our shipping decadence. Our rivals have received reciprocation but have not returned it. The reciprocity as it exists is one-sided and unjust. Our false footing is so evident that the first thought of shipping restoration and recovery is to retrace our steps; to repeal the acts and abrogate or modify the treaties which have run us into rival hands bound and betrayed. While this idea is good, Congress will have to better the old system so long out of use. It will be found more difficult now than a hundred years ago to protect our navigation at all points. Rival nations have increased in number and strength. They have seized our trade and transportation to a greater extent and hold it firmer. Our commerce and navigation are infinitely more valuable to retain. Our foremost rivals are well organized, with effective systems of protection, especially for steamers. Seventy per cent. of our commerce is carried by steam. Our chief competitors are Great Britain, Norway, Germany, Italy, France, Spain, Belgium and Holland, in the order given, the British flag doing five-eighths, our own one-eighth.

A DEPARTMENT OF COMMERCE.

A life-giving system of ship protection will include, first, a Department of Commerce, to take in charge the shipping and commercial interests. No other great nation is without such a branch of government. Interests not represented at Cabinet councils are unremembered in conventions and campaigns, and cut no figure in Congress. In other countries merchants and mariners, ship-owners and builders, help make and administer the laws. Trade representation obtains, and government vigilance is not all for the land, with no care for the ocean, as in the United States. Our lack of voice and vote for the interests of the sea is closely linked with their failure and decay. Foreign governments are organized for naval advancement. The struggle for supremacy is of nation against nation; our undefended trade the grandest prize to be made.

PROTECTIVE MEASURES.

In choosing measures for systematic and successful ship protection we should consider, first, what must be accomplished by it. As vessels of commerce are built for transportation it is manifest that cargoes to be carried, work to do, is the principal want. In other words, while a ship endures freights must be obtained. Owners who are merchants may carry for themselves, but others must seek employment and find it or perish. It is therefore the use or employment of our ships that must be accomplished by protection. This object may be best effected by natural methods. Preference for engagement is the first of these. All that any rival wants is this advantage. Ships may cost high or low, freights may rise or fall, but at the market rate preference decides employment. A single motive, national, intersocial or commercial may turn the scale of choice. Caprice often does it. Where rivalry can secure choice competition does not act at all. Competition to foreign ships for foreign cargoes there is none, nor can be. While freights may be got without merit in the ship they are often lost without regard to its excellence. It follows that the very existence of shipping, depending, as it does, on constant and profitable use, must be based on one or more advantages. Where these are not natural the national interest at stake warrants their creation. In our case, what is necessary is this: to make a preference for our own flag in commerce, thus securing employment to an American marine.

DISCRIMINATING DUTIES.

Throughout the universe, all life selects and defends; all instinct and intelligence make distinctions. The moral nature of man accords with his faculty for discrimination. Without the wisdom of discriminative providence displayed in creation the world would not be fitted for man's existence. The evil principal of indifference or disregard, of chance or indistinction, would fill the earth with hybrids and monstrosities, confusion and misrule. It is natural and right to favor our own. All men justly prefer brethren to strangers; all nations their own citizens to foreign subjects. To save our markets for our own producers we lay duties on foreign goods imported. This is protection to home production.

Protection to our navigation by discriminating duties is only a step further and higher. All competition upon the ocean depends upon preference, and all hope of naval restoration narrows down to differential favors. The magnanimous policy is not practical. In "maritime reciprocity" our country has sunk *billions*. In our early experience discriminating duties on imports by foreign shipping overcame the prejudices of alien merchants and gave our ships command of freights in foreign ports. Without inducement or reward, the flag of the cargo, and of a ship to carry it, have a natural tendency to be the same. Where merchants may feel impartial we have to supplicate the bankers who hold the bills of lading. Their consent obtained, we have to reckon with underwriters, always patriotic and sometimes mercenary, often exulting in the exercise of power, and in foreign ports the champions of foreign ships. To illustrate, the British marine is the natural *protege* of the British underwriter. To raise and equalize abroad the footing of an American ship there is nothing better than discriminative rates of duty. These secure our ships fair play where competition and reciprocation would be broken reeds to lean upon. Our export carrying was never protected, consequently it was never equal to import under normal conditions. Under protection inward, the vessels coming in *ballast* were chiefly foreign. These purchasing cargoes, or competing for freights, lowered our percentage of export compared with import carriage. During thirty-nine years of discriminating duties, and down to 1858, the proportionate carriage of imports exceeded that of exports in American vessels by an average of 6.86 per cent. The difference was twice as much from 1831 to 1857 as from 1790 to 1830, showing that protection to import carrying was indirectly helpful to export business.

BONDING PRIVILEGES.

For more than fifty years our merchants had credit for duties, and gave their notes payable at regular intervals. Foreign merchants had to pay cash on entry of goods. This policy protected American merchants, and, with discriminating duties and other benefits, tended strongly to the freighting of American vessels, and made business for American underwriters. Our Treasury suffering from a serious lack of revenue, Congress

permitted the ending of the credit system in 1843. From the loss of protection involved, both our merchants and shipowners suffered; foreigners benefitted by getting equal customs-footing. In 1846, Congress increased the detriment to American interest, and advantage to foreign, by passing a bonded warehousing act, to facilitate the importation and sale of foreign goods, by giving importers of any country from one to three years' credit for duties—while drummers took the road and ran the country over making sales. At the time of this magnanimity our ships were carrying 87 per cent. and our merchants doing at least 80 per cent. of import commerce. American interest predominated. Since then, and partly from the operation of this warehousing act, our merchants have been knocked out of business, and our ships run off the ocean. "Bonded goods" are now brought almost wholly by foreign ships for alien importers. The duties unpaid and credited represent, now, so much Treasury gold, borrowed on interest; but loaned freely to subjects of foreign powers to aid them in competing with our own producers in our home market. Had the present conditions existed in 1846, the bonded warehouse system could not have been established. Its favors and facilities have become thistles in our straw. The least that should be done by Congress is, to make the perverted system of advantage to the National interest, by confining its operations to *our own citizens and their ships*. Failing this reform, let it be abolished.

FREE AND RECIPROCITY GOODS.

Of late years protective tariffs have so extended the "free list" that 56 per cent. of all our imports were duty free (1892). (For May, 1895, "free" goods, 32 per cent.) Besides the "free," we have had a "reciprocity" list subject to minimum duties. To protect our import carriage fully, the discriminative principle must be applied to these branches of our commerce. Confining the carriage of tea, coffee, sugar, and like products of tropical countries to American ships only, when on the free list, would conduce much to the restoration of our marine, and the revival of direct trade, with exchange on New York, instead of London. As for reciprocity goods, there are valid reasons for reserving their transport for the vessels of *reciprocants* and none other. It is illogical and impolitic to

legislate cargoes into rival shipping. Trade follows the *carrying* flag; and because it represents power, it will, in the end, dominate it. If we cannot do our trade with our own ship, the former may soon be lost. One grocer does not hire another grocer to deliver his packages. To a sea-girt nation, transportation is worth as much as trade-navigation, as much as commerce. If the latter brings wealth, the former creates power, the commander of production. It is perfectly absurd in our Government to have a shipping policy which compels Congress in reducing or removing duties to "crop the country" for foreign flags. When the McKinley tariff bill was passed it rightly remembered wider markets for flour and pork, but not a move was made, nor was a word said, that it should also secure a ton of freight for an American ship. The next protective tariff bill must not forget we have a flag to be flown on every sea, and shown in every port.

REGULATION OF INDIRECT TRADE.

For securing freights in foreign ports effective means will consist in regulating indirect or "triangular" trades. By our acts of 1817 and 1828, and through acceptance of their terms, vessels of all flags may bring cargoes from all countries. Fortunately Great Britain did not accept our proffer until 1849, but since then our marine has suffered greatly from her competition in foreign ports, not her own. The primitive rule in commerce (and the British until 1850) was direct voyages from one country to another. A vessel from one to another foreign country carried no cargo, but ballast only. Nations with few or no vessels of their own, or having no need to protect them, were the only powers permitting indiscriminate flags to do their carrying. This considerate custom respected the rights and interests of producing and consuming nations; and frowned upon the selfishness and insolence of any flag that should attempt a monopoly of navigation. It has come about, however, that a foreign ship, running under "subsidy," "bounty," or other protection, takes a cargo from her home port in Europe to one in the East or West Indies, Australia or South America, and thence brings to the United States another, that none of our unprotected ships, having taken a cargo there, has any chance to get; not because they cost more to build or sail.

or will not carry as cheaply, but for the reason, mainly, that these triangular trades are organized and protected, and in the hands of owners, merchants, and bankers, under the cover of underwriters all united in loyalty to the British, or other foreign flag. The ruin consequent upon unequal and unprotected competition, especially since the war, has disabled American merchants and ship-owners, discouraged our bankers and underwriters, and prevented organization for trade. Of hundreds of American shipping houses, well connected and powerful, a single firm is scarcely left. Our shipping people have become weak and lifeless. They must fall back upon their natural rights, and our Government must do its duty, before our flag can again appear in foreign ports, as in time past. It is not a right, but a privilege only, that a subsidized Spanish steamer shall run between Mexico and the United States, competing with Mexican and American ships. It is not a right, but a privilege, which we are foolish to grant, that a British ship shall bring a cargo from China or Brazil. The right and expedience, both, belong to vessels of the countries trading products with each other. A return to the old policy of indirect arrivals in *ballast* only would greatly protect the employment of our ships, enlarge our foreign markets, and increase our commercial power.

REGULATION OF TRANSMIGRATION.

Our law should treat the passenger service separately from the immigrant. From vessels of foreign passenger lines, protected, as most of them are, by "subsidies," "subventions," and "bounties," a head-money tax, in addition to a special tonnage-tax, might be collected on arrival. Such lines as run indirect—between the United States and foreign countries, not their own—should be taxed out of existence, or prohibited landing passengers. No nation should be permitted to use its revenues to effect the seizure and control of transmigration, but the countries passed between should be rightfully allowed to conduct the service. Inferior nations are not able, of course, to prevent the encroachments of naval powers, but the United States should not submit to intrusions for a single day. Immigration proper might well be restricted to American vessels, and thus be controlled by ourselves. It should be confined to the

milder months of the year; say May to October inclusive, as it is easiest then to get employment, and least disturbing to our labor market. The "steerage," with its bad repute, should be abolished. If Americanizing the immigrant service should rid our Congressional lobby of the agents of foreign steamship companies, seeking to defeat legislation for ship protection, the event would be hailed with joy.

NAVAL MAIL-CARRIERS.

It is complained that our navy has nothing to do. Created for defence of our freedom at sea, since our shipping decay it does seem to lack in usefulness. Without shipping of our own, it has no root. Without commerce of our own, it has no call for branches. Without a government to care for commerce and navigation, there is little to be gained from its existence. But, as long as the ocean rolls we need, and must have, a navy; just as we need, and must have, for kindred reasons, a marine of our own; so the problem is, to increase its usefulness. The division of the navy embracing cruisers should be large and strong, as numerous as Congress can be induced to supply, and always ready for instant use. Our cruisers should carry the foreign mails; all government officers and officials, with specie and express when offered. This policy, well-planned and executed, could not fail to prove superior to any now in vogue for making the navy practical, and perfecting its aim. It would be infinitely better than following Great Britain and other powers in subsidizing "postal" lines, whose ships would always be unready for brave defence or daring attack, on the outbreak of war. An active enemy well prepared might block our principal ports before postal steamers could be fitted out to cruise. The naval cruiser would be fully adapted to warlike purposes in hull and machinery, stronger built, safer and swifter than any merchant steamer, always ready, well commanded and fully manned. In other words, the proposition is, that the Navy Department take charge and run the ocean mails.

THE MAIN QUESTION.

We have now considered seven different measures, which might be shaped and united to form an effective system of ship

protection. From the examination it seems clear that the replacement of our lost marine and its potentiality is not necessarily a problem of "subsidies," "bounties," or "free ships." It is not a private trade interest that is to be revived; but the cause of the American ship is national in every important sense; wherefore, the true measures are just regulations of trade and transportation. Underlying the problem of rehabilitation is this broad truth: As an independent nation, we have a right to our own marine; to legislate for its creation and protection; to defend it against all rivals and enemies; and to enjoy its potentialities for all time. If not now treaty-free to adopt a just and reasonable system of ship protection, it is the bounden duty of Congress to break our bonds and cast their fragments under foot. The American people have done nothing worthy of bonds. They believe in fair play between nations, great or small; they give it, and it must be returned; if refused, however, they must and will take it. Every treaty for the robbery of their rights and interests must be abrogated, and every robber restrained. Let us not longer dawdle away time talking "subsidy" and "free ships," but revert to the successful measures sanctioned by the "Father of His Country," President George Washington.

WILLIAM W. BATES.

The New English Factory Act.

The following is a summary of the chief provisions of this Act, which became law on July 6th, 1895, and comes into operation on January 1st, 1896:—

Provisions with regard to Unhealthy and Dangerous Conditions.
—The Act requires the provision of at least 250 cubic feet of space per worker (400 in overtime); the Home Secretary may require more in special cases. Notices specifying how many persons may be employed in each room must be posted up. A magistrate may, if the condition of any workplace involves danger to health, life, or limb, forbid work being done there, and may forbid the use of a machine in a dangerous condition. A sanitary authority must inform the factory-inspector of the proceedings taken to remedy defects notified to them by him and if not taken within one month, the inspector may himself

take proceedings. If an inspector gives notice to the occupier of any factory, workshop, or place from which work is given out, or to any contractor employed by such occupier, that any place in which work is done for the business is dangerous to the workers' health, the occupier or contractor, if after one month he gives out work to be done there, and if the magistrate finds that the place is in fact dangerous, may be fined up to £10; but this section will only apply to such classes of work and such areas as the Home Secretary may order, and no order shall be made except "with respect to an area where, by reason of the number and distribution of the population or the conditions under which work is carried on, there are special risks of injury or danger to the health of the persons employed and of the district." It is an offence punishable by fine up to £10 for any occupier of a factory, workshop, or place whence work is given out, or of a laundry, to allow clothing to be made, cleaned, or repaired in a house where an inmate is ill with scarlet-fever or small-pox (unless he was not, and could not reasonably have been expected to become, aware of such illness). Amendments are made in the law as to fencing machinery; thus, machinery in motion must be kept fenced, except while being repaired, or while necessarily exposed for cleaning, lubricating, etc.; the existing prohibition of the cleaning of machinery in motion by children is (as to the dangerous parts) extended to young persons. Special regulations are made to prevent workmen from being crushed by traversing carriages, and as to the provision of fire-escapes and speedy exit in case of fire; and penal compensation is granted to all persons injured or killed through the occupier neglecting to comply with any Factory Act requirement; but as to injury to health, only if caused directly by such neglect.

Overtime, Night Work, Etc.—The Act of 1878 (Section 53) allowed the occasional employment of women and young persons in certain non-textile factories and workshops for 14 hours a day; such overtime employment is now forbidden for young persons, while for women the maximum period for overtime employment is reduced from 5 to 3 days in one week, and from 48 to 30 days in one year, or in case of perishable articles from 96 to 60 days. The employment of male young persons on night-work allowed in certain industries will, after December,

1896, be confined to lads over 14; and the Home Secretary will have power to limit the number of hours worked in a week. Youths over 16, allowed to be employed by night in newspaper printing offices, working not more than two nights in the week, must not work more than 12 hours continuously. Night employment in glass-works will, after December, 1896, be allowed only for lads over 14. The provisions as to registers of children and young persons to be kept in places in which a certificate of fitness is required are extended to all workshops within Section 53 of the Act of 1878. Employment in the business of a factory or workshop outside the premises, before or after working on the same day inside, is forbidden for children, and also for young persons and women if employed inside both before and after dinner; but the Home Secretary may exempt special classes of factories or workshops from the operation of this section.

Accidents.—Amendments are made extending the requirements in regard to notice of accidents, so as to include all accidents whether caused by machinery, etc., or not, if the workman is disabled on one of the three next days from working for at least five hours, and applying them to workshops in which only adult males are employed. An inquest after a fatal accident is to be adjourned, unless a representative of the Home Office is present (notice being sent to the inspector), except where, one employee only having died, the inspector has had notice, and the jury think adjournment unnecessary. A register of accidents is to be kept, open to inspection by the inspector and the certifying surgeon. The Home Secretary may direct a formal investigation in regard to any accident.

Application of Act to Laundries.—The Factory Acts are to apply to laundries, except in prisons, reformatories, etc., and religious or charitable institutions conducted in good faith, and except where the only persons employed are members of the same family dwelling there, or not more than two persons dwelling elsewhere are employed. The period of employment, exclusive of meals and absence, must not exceed, for children, 10 hours out of 24; young persons, 12; women, 14; the weekly total must not exceed, for children, 30 hours; young persons and women, 60. In addition, women may work overtime not exceeding 2 hours per day, on not more than 3 days per week.

or 30 days per year, but more than 14 hours may not be worked in one day, and notice of intention to work overtime must be given. No protected person may work more than 5 hours without at least half-an-hour for a meal; the hours for work and meals must be posted up, but may be varied before beginning work. Provisions are made to secure in steam laundries the regulation of temperature, proper draining of floors, etc.; gas irons emitting noxious fumes are not to be used.

Application to Docks, Warehouses, Building Operations, etc.—

Certain provisions of the Factory Acts (in relation to accidents, to inspection, and to the requirements in regard to dangerous employment, etc.) are to apply to docks and warehouses, and machinery and plant there used in loading or unloading, and to any premises on which power-driven machinery is temporarily used in building operations.

Tenement Factories and Bakehouses.—In regard to tenement factories (where power is supplied to different parts of the same building occupied by different persons) liability for the observance of certain requirements of the Factory Acts in respect to sanitary conditions, fencing machinery, affixing abstracts and notices, etc., is to fall on the owner instead of the occupiers. Special regulations are made as to grinding and cutlery carried on in a tenement factory. The Act extends to all bakehouses, the sanitary regulations previously applicable only to places used for baking before 1883, and prohibits underground bakeries, except those now in use.

Specially Dangerous and Unhealthy Trades.—The special rules regulating processes certified by the Home Secretary to be dangerous to health, life, or limb, may restrict or prohibit the employment of all or any classes of persons in a dangerous process; but regulations restricting the employment of adult workers must be laid before Parliament for 40 days before coming into force. The power to make special rules is extended to workshops in which only adult males are employed. Notification to the Home Office of cases of diseases incidental to certain industries (lead poisoning, anthrax, etc.) is required. Where poisonous substances are used, lavatories must be provided. The law regulating artificial atmospheric moisture in cotton-weaving is amended, and extended to textile factories gener-

ally. A reasonable temperature must be maintained in all workrooms.

Miscellaneous Provisions.—The Act requires the provision of adequate sanitary conveniences (separate for each sex) in places where the existing law on this subject is not already in force, extends to all textile factories the requirement that piece-workers shall be furnished with particulars of work and wages, and empowers the Home Secretary to extend this requirement to any non-textile factories or workshops; and provides that the occupiers of workshops, who have not already done so, shall notify to the inspector, and through him to the sanitary authority, their addresses, with other particulars. Annual returns of indoor employees must be furnished; lists of outworkers must be sent to the inspector before each March 1st and September 1st. The right of an inspector, authorized by the Home Office, to conduct proceedings before magistrates is expressly declared. A defendant charged with breach of the factory laws may give evidence.

National Struggle for Existence

BY PROF. ARTHUR BURNHAM WOODFORD.*

Ceaseless conflict is the universal law of life. At all times and in every place each molecule of matter, each organ and cell in the living body, each group of animals, acts and reacts on every other, struggling to maintain an equilibrium by adapting its internal forces to its external conditions. The solar system, with its rhythmic movement, is the result of opposing attractions of stellar centers. In the field of biology, each animal and plant struggles against all others, and the constituent parts of each also struggle among themselves to attract the largest possible quantity of alimentary substance, health continuing only so long as an equilibrium is maintained; atrophy or hypertrophy intervening whenever any group of cells monopolizes too much nutriment. The same phenomena are repeated in society: while the state, as a political unit, combats other states, it is itself the scene of incessant struggles, occa-

*Adapted and condensed from "Les Luttres Entre les Sociétés Humaines et leur Phases Successives." Par J. Novicow. Paris: Felix Alcan, Editeur. 1893.

sioned by the material, intellectual, and moral competition going on among its citizens.

The universe is thus composed of systems perpetually forming and re-forming themselves. The struggle will be eternal; no definite equilibrium being possible so long as the atoms are in motion, and an atom of matter without motion being as inconceivable a metaphysical entity as motion without matter. Man and society cannot escape this condition of constant conflict and the law of survival. A great many people imagine that national contests last only as long as military hostilities continue, only between the beginning of the campaign and the signing of the treaty of peace. But this is a profound error. The conflict is constant, perpetual; it goes on every day and every hour. It does not necessarily involve the idea of violence, and is mental and moral as well as material, economic as well as political. It is complex in character, and the effects are scattered over many generations and through long periods of time. Hence the relation between social causes and their effects generally escapes public notice, and the illusion prevails that everything is decided on the field of battle. This leads to depending mainly on brute force, a thing of but little relative importance in the present stage of social conflict. In Russia, for instance, brute force is certainly on the side of the masses; but the 124 millions obey submissively and resignedly a governing class of a million "élite."

Victory in the struggle is assured to the individuals and nations which acquire the most exact conception of the universe. Man has succeeded better than other animals in the effort to adapt himself to his environment, physical as well as social; he is, in fact, Man, rather than some other form of life, by reason of his greater intelligence. If a being could have exact representations of all the phenomena of the universe the correlation would be complete. He would be able to foresee all dangers, would be able to take all the precautions necessary to preserve his existence, and would therefore be eternal. An infinite mass of facts remains unknown, owing to the imperfections of our organs. If these were affected by all the movements in the universe, the most rapid as well as the slowest, there would be an absolute correlation between the individual and the universe—that is, the adaptation would be com-

plete. We should possess ubiquity and omniscience. The effort to secure this in the various fields of chemistry, astronomy, biology, psychology, and sociology may, therefore, be regarded as a manifestation of the universal law of the equilibrium of forces.

Active adaptation to social environment may be designated under the general name of love. To love anyone is, in fact, to wish to render him like ourselves, charity having for its object to procure for others the material well-being that we enjoy ; religion, to make them think as we do. Passive adaptation (science) and active adaptation (production) go in parallel lines, constantly acting and reacting upon each other : the more easily we receive impressions from without, the more easily we act on the external world. The better we understand the physiology of plants, the more abundant our harvests. The better an orator understands the public he is addressing, the more easily will he find the proper arguments to induce them to submit to his influence. The "fittest" man or society is thus the one having the faculty to adapt itself to environing conditions with the greatest possible rapidity. What we call progress is nothing but an acceleration of the process of adaptation, a suppression of space and time. Political progress consists in abridging the time necessary to bring about modifications in the body politic ; economic progress, in reducing the time and space required in satisfying the industrial needs of the community. Moral progress, like intellectual, facilitates each phase of development by increasing both wealth and the solidarity of interests.

Several distinct phases of progress, or phases of the conflict in society, are clearly marked—not mutually excluding each other, but merging into one another by insensible gradations, many of the forms of the earlier and less complex contest surviving in the later, but as means to an entirely different end. Cannibalism, for instance, long survived the causes which gave rise to it, eating an enemy being regarded as a means of acquiring his virtues and power, and thus becoming a religious institution among many barbaric peoples. State interference and paternalism likewise are destined to remain long after the social struggle has ceased to be political, and has become almost entirely intellectual in character. That one of the ear-

liest forms of contest, pillage, has survived into modern times the billion-dollar war indemnity exacted from the French in 1870 bears evidence, as does also Napoleon's famous address to the army of Italy in 1796. "Soldiers," said he, "you are poorly fed and almost naked. . . . I am going to lead you into the most fertile plains in the world, where you will find honor, glory and riches"—which means, in plain English: "Soldiers, let us go pillage Italy." But with each successive phase in the progress from the animal condition of primitive man to the state of civilization reached in the western world at the end of this nineteenth century, the important features of the earlier stage cease to occupy public attention. Other interests predominate and give character to social activity.

Food is the first object of human effort, as indeed it must be of every living thing. As Bastiat has said, there are two ways of acquiring it—production and theft, the latter often seeming the easier method. One saves so much fatigue and increases well-being so much more rapidly by plunder! From the most remote antiquity, as soon as it has been possible for a man to steal from his fellows the things he covets, either by strategy or by violence, he has preferred this process to production. But someone must first produce that which is to be stolen. Production thus comes first in the order of time, and the universality of plundering as a social institution, like exogamy, is in fact impossible. Moreover, in many places and for long periods the acquisition of food is made more certain through the domestication of animals, and through agriculture, than by war. Little by little, therefore, war is abandoned among social groups with some degree of evolution; the purely physiological contest is continued only as a means of satisfying the gynesic want and of procreating the race, but assuming forms varying from the most brutal massacre to rivalries the most delicate and noble.

Above the purely animal struggles for subsistence stand the efforts to secure some of the comforts of life, among which come first the pigments and dye-stuffs for decorating the body. Even in the earlier stages of existence some degree of association has resulted from the struggle. This is developed and increased as consciousness of the nature of the struggle permeates the group. Territorial alliances are the consequence of

pillaging expeditions, the state, like the family, having its origin in property. The chief of a pillaging band was obliged to build up a body of institutions to hold the band together and prevent other bands from levying tribute on their territory. The relations between chief and subject becoming more and more complex, a political organization is developed out of the primitive family and the nomadic tribe. This conception of the State as property still dominates a great part of the Europe ruled by the Hapsburgs, the Hohenzollerns, and the Rurik family. The devastation and annihilation which characterized primitive conflicts is followed by the bearing away of the spoils of war, and then by the occupation of the conquered territory, or by the levying of tribute—for military speculation, like other forms, may be more successful if one does not try to get too much. It may be vastly more profitable to exercise the power of taxation than to attempt to maintain slavery or serfdom over an extensive territory. France under the ancient régime offers an example of the lengths to which this system may be carried; the French peasant being obliged to pay out of every 100 francs earned 53 to the State, 14 to the Church, and 14 to the lord of the manor, thus having but 19 left for himself. The small states which secure a better organization become the group-centers for entire regions, as instance the Duchy of France in Gaul, the Kingdom of the West Saxons in England, the Electorate of Brandenburg, and later the Kingdom of Prussia in Germany, Savoy and Piedmont in Italy, and the Grand Duchy of Moscow in Russia. In all ages and countries territorial acquisition and increase of numbers have been the chief aim of diplomats.

Open the *Almanach de Gotha*, the vade-mecum of statesmen, and you will see only figures relating to population, to armies, and the production of wealth; how many regiments, horses and cannon each nation possesses; what taxes are paid, and how they are expended; the amount of debt, and the possibility of borrowing on the part of each state and nation. As yet no people has collected statistics regarding the mental condition of the population within its borders. The wealth and prosperity of a nation, nevertheless, are not directly proportioned either to the geographical extent or the number of its inhabitants. Extent of territory may be a hindrance rather

than a help in national development, and quality more important than quantity of population; it may be true, even, that a diminution of the national area will aid and strengthen a nation, homogeneity being one of the strongest forces in the political equipment of a people. The fact that England today marches at the head of civilization is due in no small degree to the homogeneity of her population.

Moreover, the exclusively political phase of the struggle among nations is just beginning to be superseded by intellectual contests, though as yet quite unconsciously. Our statesmen, diplomats, and publicists remain in the old ruts of the past with an obstinate pertinacity. As the exclusively political contest has been the order of the day for centuries, they cannot realize that it, like the mere struggle for food, is but a phase in the development of human society, to be superseded by contests of a different nature as social conditions vary. To remain inaccessible to the immense intellectual and scientific movement around them seems to men like the Emperor William the height of grandeur and of human wisdom. Prof. von Treitschke has said that the end of war will be the end of national spirit; but the reverse is more nearly true. As soon as a people get a faint glimmering of the fact that power is derived from wealth produced, and that riches are the result of intelligence and morality, the struggle between them necessarily becomes intellectual, and little by little the phenomena of intellectual expansion begin to reach the national consciousness. England, for instance, points with pride to the fact that its language is today the mother tongue of 110 millions, although it could count but 30 millions in 1815. The Germans note with alarm the continual assimilation of their brethren by the Anglo-Saxons in America, and the French are viewing with concern the linguistic struggle now going on in Canada. Language is, in fact, one of the strongest engines to be used in the intellectual struggle. To speak a language which is euphonic, sonorous, brief in form, and capable of expressing the most complex ideas and relations in the simplest manner, gives a nation an immense advantage over its rivals. Conversation is the most elementary form of the struggle, and the least effective, because of the difficulty in securing attentive listeners. It is carried on by sermons, addresses, books, reviews, and the daily press.

One of the more powerful instruments in the intellectual field is school education ; but the chief is religion, with its two elements of dogma and cult. Dogma implies a philosophy, or, if you will, a particular conception of the universe, and is consequently a phenomenon of the intellectual order. But worship addresses itself to the sentiment and acts directly on the sense of sight and sound. Therein lies its superiority and strength ; it can accomplish its psychic result with less effort. A man incapable of reading a book, still more of understanding it, on entering a church is quite capable of feeling the strongest emotions. Once lead him to "like a church, to like a cowl, to love a prophet of the soul," and he will docilely accept whatever dogma his church may teach, particularly if it is distributed in small doses and put up in neat packages of precise and simple formulas. This explains why a cult makes immensely more proselytes than the most admirable ideas. When the idea, or a conception of the universe, can be incorporated in a religion, the rapidity of its propaganda will be increased tenfold. Christianity, for instance, conquered the whole Roman Empire in about three centuries ; Islamism marched with an even greater swiftness, so that two centuries after Mahomet it extended from the banks of the Indus to those of the Tagus.

Sentiment plays a preponderating rôle in human affairs. It is for this reason that high intellectual culture, brilliant civilization, and the presence of a refined and elegant élite in a nation have an immense value in the struggle for existence between nations : they provoke sympathy. It was sympathy for the literary and artistic grandeur of the country ; for the marvellous cathedrals of Pisa, Sienna, Milan, and Florence ; for the innumerable masterpieces of Raphael, Michael Angelo, Ghiberti, and Donatello ; for the writings of Dante, Petrarch, and Leopardi ;—sympathy for a people who could create these, that led the marines on the English frigate "Renown" to land and to give Garibaldi the aid which resulted in the defeat of the Bourbons and contributed to the unification of Italy. It was sympathy for the political ideals of the Americans that led the French to lend their support, in money, men, and prestige, during the Revolutionary conflict. Certain countries attract the foreign traveler by the beauty of their landscapes and their art treasures. But if the inhabitants are not amiable

and hospitable the stranger enters into contact with guides and innkeepers only. There is no sympathetic relation to hold the two together. For instance, not knowing how to make themselves liked has been the chief obstacle in the efforts of Prussians to conquer Germany. Considerations of an intellectual order have been lacking in their efforts to impose a new culture on the German people.

The process of denationalization most generally employed is what may be defined as state socialism. The rights of property are attacked, and both civil and political privileges limited. In Russia, for instance, the Poles are denied the right to buy or lease land in the western provinces, and they can sell land to orthodox Russians only. In Alsace-Lorraine, again, no person can practise medicine unless he has finished his studies in a German university. In Austria the Croats have been prohibited from founding a national university at Agram. In constitutional governments the ruling element, though it be in a numerical minority, may obtain a parliamentary majority by restricting the right of suffrage. In Hungary, for instance, the Magyars control the government, although they constitute only about a third of the population, returning 397 representatives out of a total of 414. The Austrian Upper House is composed exclusively of Germans or of Germanized members, the millions of Slavs in the Austrian Empire not having a single representative.

This forced process of denationalization is one of restriction and injustice. It is, therefore, despotic. Wars for national independence have been the result, and they have been among the bloodiest, because psychic pleasures are the highest order of happiness, and intelligent men will make the greatest effort to acquire the means of this enjoyment. Whether they come from love, poetry, religion, art, or the painful search after truth, the delicious pleasures which result from mental excitement are those for which mankind aspires most ardently. The moments of intoxication when our whole being is concentrated in a single occupation, and when we seem to leave the earth and swim in the infinite; the moments of enthusiasm when we feel our soul uplifted as by a superhuman power—these are the only moments which really count in life; they are the end of our activity. Wealth is but a means to this end; to produce ideas

and sentiments is, therefore, a social function as important, if not more so, than is the creation of wealth. Society itself is not an end, but a means for the realization of human ends. True, a considerable number of individuals in Europe and America have not felt these psychological pleasures, and, perhaps have not even desired them. Without doubt entire peoples have lived for centuries and not manifested delicate, noble and powerful sentiment. But does this diminish their value? The truth is, that they have not yet advanced to the culminating point of social evolution, but remain in the inferior ranks of humanity. Poverty holds them in such an iron grip that the interests of national culture cannot be said to exist for them. The errors, the follies even, of present politics and the line of social development in the future of Europe and America are hereby made clear. It is not the destruction, but the elevation, education and improvement of our fellows that is of greatest importance in the struggle for social life and growth. Poor neighbors are a hindrance and a misfortune. They must be eliminated in the social progress of the future. What form social development will take, or the time required for its several processes, we may not know; that it will be more rapid than the changes of the past have been is certain. It is equally clear that the process will be exceedingly complex. Life is not growing simple. It is as certain, in the third place, that more rational efforts will be made, than have been in the past, to advance civilization, and that the contests will be mental, not physical.

Since the appearance, in 1859, of Darwin's work on the *Origin of Species*, both biology and sociology have completely changed in character. The ideas of immutability and cataclysms, the theological notion of a capricious will governing the world, have disappeared. We now know that the universe is made up of perpetual movements, constantly modifying the forms of organic and inorganic matter through insensible gradations, and by virtue of definite laws—knowledge of which is a condition of life, growth, and development, of success in the eternal struggle. It is not easy to understand the complex phenomena of social mechanism, and the work of popular education in social science is exceedingly difficult. It is necessary to organize a vast propaganda. More than a century has

elapsed since Adam Smith wrote his "Wealth of Nations," and yet the Continental nations do not understand the simplest mechanism of economic phenomena. How much time will be required to root out the hydra of international anarchy it is not possible to foresee. What is absolutely certain is, that sooner or later the reign of blood and iron will end, the state of comparative justice and security which exists within civilized nations will be extended to international relations, and the people of the western world will realize that mankind is passing into the consciously intellectual phase of the struggle for existence.

Editorial Crucible.

THE *American*, Philadelphia, severely scolds gold monometalists, by which it really means all who are not in favor of free coinage of silver, because they say "the best test of good money is the melting pot." This it calls childish phrase, and says, "The reason our gold dollar when melted down retains the entire value for which it was legal tender before melted down is that the government agrees to take the bullion and coin it into a gold dollar, free of charge. The gold bullion and coin are equivalents because convertible the one into the other. . . . Open the mints to silver and this test would apply equally to the silver dollars, for when we cease to measure the silver dollar with gold and compare it with itself it must when thus measured also become invariable in value."

This is poorer reasoning than we had expected to find in the *American*. The reason the "gold dollar when melted down retains the entire value for which it was legal tender before melted" is not because the government will re-coin it into a dollar. It would be worth just as much whether the government would re-coin it into a dollar or not.

The reason it is worth as much after melting as before is that it contains the amount of bullion that, according to economic law, it takes a dollar to supply or replace. In other words, it is because the bullion in the dollar is a commodity value of 100 cents regardless of whether the government will coin it or not.

Of course if the mints are open to silver the same test would apply to the silver dollar and it would be worth the same after being melted as before, and that would be the commodity value of the bullion silver, which to-day is about 52 cents. But that test would not make the silver dollar equal in value to the gold dollar. With free coinage for silver gold would retire and we should have only silver dollars. The pot test would remain and the silver dollar would have a purchasing power equivalent to the market value, $371\frac{1}{4}$ grains of silver, which as before remarked, is about 52 cents. All the difference would be that we should need about two of them to buy what we now get for a gold dollar. For the *American* not to see a point so obvious, is something more than surprising.

THE TEACHING of socialism in various forms in our colleges is an educational heresy. By Socialism we mean the doctrine that the remission of industry generally to the operation of economic laws, aided and modified by legislative enactment, is unjust; and that, instead, society needs a social revolution which shall sweep away the capitalistic organization of society and reorganize, without capital, on the basis of each working for all, and all rendering to each what he needs.

No such change is coming, or is possible or economic, or would be desirable if it could come; and the aspiration for it is barbarous and insane. Any professor of Political Economy who becomes smitten with socialism, simply shows himself an infidel to the principles of economic science and should be asked to step down and out. His college had better teach no Political Economy at all than to teach that private property in land and the products of private industry are robbery.

This systematic dubbing of everything robbery which increases the income of individuals, whether done in the name of socialism, single tax, anarchy, or free trade, is not the voice of economic or political reform but a crusade against society.

A SCHEME is on foot to organize twenty of the largest paper mills into a paper trust, with thirty-five millions capital. As usual the alarm signal has been sounded. It is admitted that great economy will result from the combination and probably better paper will be furnished at lower prices, yet the newspaper publishers who are men of experience and wide study and ought to know better, are trying to create a public sentiment against it on the plea of monopoly.

The American Newspaper Publishers Association has sent out notices to its members throughout the country, setting forth that the trust will be a menace to their interests. What is the American Newspaper Publishers Association but a huge organization in the interest of publishers? Why have not paper manufacturers the same right to organize and consolidate as newspaper publishers?

When will this superstition against industrial organization disappear? One would think that, since with every step in industrial concentration the public has received better service in superior goods and lower prices, the people would cease to be

frightened by this trust bugaboo. But progress must go on despite the superstitious fear of the ignorant to the contrary notwithstanding. The mass of mankind have always had to be helped against their will.

IN their circular to the sugar trade, Willett & Gray announce that the Revolutionists in Cuba have issued a proclamation forbidding the grinding of cane and also the shipment of all products from plantations to any city in Spanish control. The penalty for violating this order is confiscation of the cane fields and plantation buildings, and death to the planter as a traitor to the Cuban cause.

The effect of this edict, says the circular, is that planters are abandoning their crops. Under these conditions, it is very probable that much of the next sugar crop will be lost, which will seriously affect the supply of raw sugar. The necessary consequence of course will be a rise in the price.

When the price begins to rise we may expect to find the superficial speakers and writers all over the country charging it to the sugar trust. Free-traders will insist that it is due to a monopoly caused by the tariff and advocate as the only remedy the abolition of the duty on refined sugar. The fact that the whole rise is due to the Cuban insurrection will be a matter of no moment if falsely charging it to the Trust will make political capital.

THE NEW YORK *Sun* makes an excellent point against the platform of the Ohio Democracy in pointing out the fact that it demands only the maintenance of the parity of the two metals in the payment of debts. As if to maintain the debt-paying power of the two metals was to keep them of equal value.

Free-silver people assume that to be equal in debt-paying power is to be equal in wealth-purchasing power. This is not necessarily so. As the *Sun* shows, during the war our greenbacks had as much debt-paying power as gold because they were legal tender, but in their purchasing capacity they fell more than 50 per cent.

The debt-paying power of money may be established by statute law, but its wealth purchasing power is always governed

by economic law. That is why an inflation of price always occurs with depreciated legal tender money. The law may compel the acceptance of a depreciated currency at its full face in the payment of a debt, but it cannot compel producers to make new sales on the same basis. Nothing can prevent them from demanding enough more of the depreciated money for their wares to establish an equilibrium between what they give and what they receive.

Therefore for the Ohio Democrats simply to demand that the two metals shall have an equal debt-paying power is merely to juggle with words. It is intended to convey the idea that they are insisting upon the maintenance of silver at an economic parity with gold, when they are doing nothing of the kind.

A SHORT time ago the *Philadelphia Record* made a great ado about the prosperity the new tariff had created in the wool industry, announcing that more than 200 new woollen factories had already been built in 1895. We chased this announcement to its source, only to find that none of those who were making the statement had any facts with which to sustain it, but such trifles disturb not the mental momentum of the *Record*.

It now makes the striking announcement that it is conceded the increase in wages have put the laborers' income where it was in 1892, and proceeds to argue that American laborers are better off to-day than they were when the "Harrison administration wound up its career of riotous extravagance."

Of course the *Record* knows better than to believe any such stuff. It knows that in a large number of industries there has been no rise in wages at all yet and that in the great bulk of those where a rise in wages has taken place the laborers have not yet received half what has been taken from them in the enormous reduction inflicted during the last three years.

Riotous extravagance is a pet phrase with low-wage statesmen. Mr. Cleveland told the people of this country that they must live more simply. The people had been living too well; had been "riotously extravagant" in wearing good clothes and sending their children to school and having better furniture than their grandfathers did. This "riotous extravagance" had begun to go so far in a number of instances as for workmen

to have an organ or piano in their houses and their daughters taking music lessons. Of course all this is repugnant to the mind of cheap-labor statesmanship.

It was to stop this riotous extravagance among the American people that the *Evening Post* wanted the wages of Colorado miners lowered because "they had been extravagantly high." It was to check this riotous extravagance that the *Journal of Commerce* for months seriously argued that "American wages should be reduced about 20 per cent."

In accomplishing this the present administration has been very successful. Indeed its success has been so great, it has accomplished so much in so short a time, that the services of its party will probably not be needed again for a generation.

THE representation of labor in the new Parliament in England shows that the cause of New Unionism has suffered more in the recent election even than that of the Liberal Party, although it was in no sense a part of the general issue. The contest was between the Liberals and the Tories, and the Liberals were badly routed. The falling off of labor representation in the House of Commons is due to an entirely different cause and one which is not difficult to see. In the late Parliament there was a rather surprising influx of labor representation but like Single Taxers, Socialists, and Populists in this country, it is only necessary to give them an opportunity and they will demonstrate their unfitness.

The election of an unusual number of labor members to Parliament was the result of a very wholesome impulse among the voters, but the performances of a very small number of Keir Hardies is sufficient to destroy such an impulse. The truth is that with one or two exceptions the so-called labor members of Parliament were fresh socialists. Their election was hailed far and wide as the success of New Unionism which really meant socialistic unionism. This New Unionism was going suddenly to supplant the old parties and take possession of English Legislation, but experience has shown that to the extent that the labor members have substituted socialism for trade unionism and projected schemes for industrial nationalization instead of specific industrial reforms, they have lost the respect of the public and the confidence of labor voters.

Burke and McDonald, who were elected more than twenty years ago as definite representatives of Trade Unions, and who devoted their energies in Parliament to Trade Unions or specific labor interests increased their public influence and usefulness every year and finally made the election of so large a number of labor men to the last Parliament possible; but one term of socialistic unionism or so-called New Unionism has proved sufficient to put the labor representation in the House of Commons back nearly a quarter of a century.

THE *Evening Post* treats its readers to more than a column of editorial lamentation that the United States Congress is not a duplicate of the British Parliament. The election of Mr. Gulley as Speaker by the Tories sinks into its sensitive soul. Oh, if we could have the Speaker of the House chosen for life! What an ideal Congress we should have; and, if then, we could only have Mr. Cleveland elected to the Presidency for life, we should at least be taking a step towards fulfilling the *Post's* English ideal and let a ray of cheer into its doleful life. Is it not a pity that such a high-minded, warm-hearted, pure soul as the *Post* should be compelled to remain in such a vulgar country as this. Of course, if it should object to endure the martyrdom longer and repair to Fleet Street, the shock to our public integrity, National life and civilization would be very great, but, ought we not to be willing to make the sacrifice that such an elevated soul may be happy?

THE Cuban "revolution," so called, is an increasing mirage, a spreading contradiction and wonderpoint. Without being in command of any town or port, or revenue or fort, it brings Captain General Campos to the verge of capture, exhausts the energies of 50,000 Spanish troops, and is said to have caused a demand by Campos on the home government for 100,000 more. While refusing to accept tribute in money it suppresses the sugar manufacture. It has no schedule of grievances or statement of policy. While its troops consist largely of negroes it makes no mention of emancipation as among its policies. There are fewer Americans in it than in any previous revolutionary effort in Cuba, yet its money-raising work is carried on most ostentatiously throughout the United States.

If it shall succeed it will result in a negro-ruled anarchical state, with just enough of a Creole population to need protection. In American politics it will be found voting for what are called democratic ideas. Politically if such a state should desire to enter our Union it would be a Pandora's Box of evils. Economically it would be of little value. The excesses connected with its achievement of separation from Spain threaten to reduce it, like Hayti, St. Domingo, and Jamaica, to poverty on its way to liberty.

It is encouraging and greatly increases the momentum of business revival to learn that there is an actual tendency to increase wages, but it is very important that the facts in the case should be accurately stated. Exaggeration and misrepresentation does naught but injure in the long run. It corrupts public opinion and destroys the confidence in the press and publicists generally.

Despite the upward movement that has thus far taken place in those industries where the increases have occurred, there is still a net reduction of wages of from 10 to 20 per cent., and in a very large number of industries no increase in wages has yet occurred. For example, in the woolen mills of Rhode Island, there has been a general advance in wages of about $7\frac{1}{2}$ per cent. but the reduction in 1893 was 15 per cent., so that the laborers in the Rhode Island woolen mills have only received in their present increase of wages about two-fifths of what they lost in 1893; that is to say they are still working on a reduction of 9 per cent. of the wages of 1892.

In all probability it will take several years, perhaps till the end of the century, for the business of the country and the wages of labor to reach the actual point in earning and consuming power that they occupied in 1892. While, like spilled milk, this loss to the Nation can never be recovered, it is an economic lesson that is worth studying and remembering by the American people.

In our last issue, we called attention to the fact that the statement going the rounds of the Press and emphasized in the editorials of certain prominent journals that "201 new woolen mills had been erected in the United States during the first half

of 1895 " was not true. We wrote to the parties credited with the original announcement and learned that they had no data to warrant any such statement. Although these journals fail to tell where the factories are or to furnish any verified data in support of the announcement, they still continue to give it circulation in various forms.

Since our last issue we have made further investigation into the subject, only to find that our suspicions regarding the statement were too well founded. It is true that the tremendous boom in the woolen industry of Yorkshire has created some ripple among the woolen mills of the United States. They have begun to clean up their old machinery, mend their broken windows, and show general signs of activity. Some few of them have made actual improvements. Their reduction in wages in 1893 was so severe that the moment they attempted to work again, they were forced to return a part of that reduction to avoid a strike. But the talk of the erection of hundreds of new woolen mills is largely a draft upon the imagination. We again insist that it is dishonorable and discreditable to the American press longer to give currency to that statement without furnishing the facts.

WE have just been favored by a copy of a paper called the *Herkimer County News*, Little Falls, N. Y. For supreme ignorance on the tariff question the editor of this paper is entitled to first rank. In an editorial dispensing economic instruction on the good effects of free wool and by way of showing the ignorance of the editor of the *Dolgeville Herald*, with a great display of information and fairness, it says:

"A dose of statistics will be the next proper thing. Have nothing to do with statistics prepared by Republicans or Democrats, for they may be adulterated, but take those prepared by Uncle Sam himself. By so doing he will find that in 1850 there were in this country 3,942,929 sheep, or 200 sheep for each 100 of population, while forty years afterward, twenty-nine of which were passed under that blessed high tariff, there were only 3,943,599 sheep, as shown by the census of 1890, or 108 sheep to each 100 people."

Of course, the poor man had never seen the census of either 1850 or 1890 or he could not have written such stuff.

The probability is that he clipped it from some of his free-trade exchanges. Instead of 3,942,929 sheep in 1850, as he states, there were about 14,000,000. In 1894 there were 45,048,017 instead of 3,943,599 as he states. Texas alone had 3,814,405, and Ohio had 3,765,704.

California had within 25,442 of the total number that this Herkimer County paper said existed in the entire country. In fact, there were three States, California, Ohio, and Texas, all of which had over 3,000,000 sheep, and four States, Oregon, New Mexico, Montana, and Michigan which had over 2,000,000 and some of them nearly 3,000,000 sheep in 1894. There were nine States, Wyoming, Wisconsin, Utah, Missouri, Illinois, Colorado, Kentucky, Pennsylvania, and New York, all of which had over a million and some of them nearly 2,000,000 sheep in 1894.

During 1894 and 1895, 6,000,000 sheep, or nearly double the total number this Herkimer County editor says there were in the United States, have been slaughtered or exported, which means sold at a loss. Of course, the voters in Herkimer County are better informed on such facts than is this country editor, but it shows with what persistence ignorance will propagate falsehood without blushing.

IN his recent farewell sermon to the East Side, Pro-Cathedral Bishop Potter made the astonishing statement that "Education is only a varnish, and culture does not touch character." Then of what use is either education or culture? Does Bishop Potter really believe this, or is it a kind of cheap talk for the East Side poor only? Would the Bishop have the public regard his education and culture as only a varnish and his real character a barbarian in disguise? Of course Bishop Potter believes nothing of the kind. He knows from experience and observation and the study of history that education and culture radically change character.

To be sure, the result of these influences upon character are slow, but they are of the most far-reaching, deep-rooted and permanent nature. Indeed, education and culture in the broadest social sense are about the only forces that do really "touch character." The industrial, social, moral, and religious characters of different classes and nations are what education and culture have made. Education and culture does not mean

a little cramming of the catechism in a crowded, ill-ventilated tenement. It means broad and varied social opportunity and experience, with good industrial conditions, high wages, and a commensurately high standard of living.

This talk about education and culture being only a varnish comes with poor grace from one who has had generations of it. It is very much like the hackneyed statement that "you can't change human nature," which is entirely fallacious. Every step towards industrial improvement, social advance, and personal freedom is a step towards permanently changing human nature. That is the only way in which human nature, which is only another word for general culture, of the most advanced people have been differentiated from the savage. Indeed, to change human nature, that is, to permanently improve the character of the people, is the chief object of civilization; and it is only because industrial prosperity, social diversification, education and culture promote this end that churches, schools, kindergartens, clean streets, wholesome tenements and workshops, libraries, theatres and good manners have any social justification.

It frequently occurs that strikers are very unreasonable when they have any prospect of success, but there is usually some merit in some of their demands. In addition to the demand for increased pay, the striking miners of Pittsburg insisted upon the establishment of a discriminating rate by which those employers who maintain "pluck-me" stores should pay a 69-cent rate, while those without "pluck-me" or truck stores who pay their laborers in cash should only pay 64 cents.

This shows exceedingly good judgment on the part of the laborers. This "pluck-me" store system is the American form of the English truck system which was abolished more than 40 years ago.

Twenty years ago it existed in the factory towns of New England, but the efforts of organized labor and the public sentiment on the subject has finally made them illegal in New England and most of the Eastern States, but they still prevail in the coal-mining regions.

This system of the employers owning the stores supplying the operatives with provisions, grew up with the primitive set-

lements often far removed from railroad facilities. There was not business enough to induce private individuals to establish stores without charging exorbitant prices. The corporations entered into the grocery and dry-goods business mainly because it was a necessity, and in self-defence they collected bills in the counting-room by deducting the amount from the wages.

But while this system may have been a necessity in its inception it has never failed to develop into a means of fleecing the laborers. It prevents private enterprise, compels the operatives to purchase from their employers, so giving the employer both the whip and the rein on the work people. It always leads to exorbitant charges and a reign of social tyranny.

This was the case in England; it was the case in every New England town where the system was adopted, and it is universally the case in mining districts in Pennsylvania and the West.

In the Pittsburg strike, which involved 100,000 men, the abolition of this "pluck-me" system was demanded as a condition of returning to work, and the justice of the demand is shown by the fact that wherever the system is continued the employers have to pay five cents a ton more for mining than where they pay the laborers in cash.

The abolition of the "pluck-me" is a real step in social freedom, and had the strike only accomplished that it would have been fully justified.

WHATEVER may be said of Mayor Strong's administration it cannot be charged that he filled the offices with dummies. From this impeachment Waring and Roosevelt will surely save him.

Commissioner Waring has succeeded in meddling with the business of everybody he has come in contact with and rushed into an offensive controversy with Labor Unions, social societies, Grand Army men, and indeed with whomsoever he could find a pretext for putting himself in the public prints. Yet, with all his offensive egotism, which well nigh renders him a public nuisance, he has done what for years and years Democratic administrations had declared to be an impossibility. He has rid the streets of New York of empty trucks and reduced the thoroughfares to some degree of order and cleanliness. He

has at least demonstrated the utter incompetency of Tammany properly to administer the street-cleaning department of New York city.

Mr. Roosevelt's offensiveness is of another kind. He seems to embody in a high degree the narrowness of the early Puritan and the self-righteousness of the ancient Pharisee. Punishment of the guilty, not the improvement of conditions that virtue may be less difficult, is always his forte.

It ought to be clear by this time to Mr. Roosevelt, Mayor Strong, and to all who are responsible for the administration, that the people of New York city do not want the saloons closed all day on Sunday. Of course, this Sunday-closing law was passed by Tammany in order to have the power to bleed saloon-keepers for the privilege of selling on Sunday. But if instead of making the new administration offensive to everybody by employing spies to induce people to break the law in order to arrest them, they had exposed the character of the law and asked the Republican legislature to repeal it and adopt a law more in harmony with the spirit of the community, and one which could be enforced without obvious persecution, Mr. Roosevelt and the administration would have shown the spirit of reformers. As it is, they appear to be doing their very best to help Tammany back to power

Economics in the Magazines.

CITIES. *The Drift of Population to Cities—Remedies.* By Henry J. Fletcher in *Forum*, August.

This article claims that the promise of protection that the manufacturers shall be brought side by side with the farmers has not been kept, but rather that the undue profits of manufacturers have attracted population to the towns, and the cities have gained at the expense of the country. The cities, *i. e.*, the non-farming population of a country, form the home market of the farmers of that country. The promise of protection to the farmer is that his home market shall be forced as rapidly as possible into dimensions adequate to absorb his whole product, so that he need not export and need not confine the tillage of the soil to crops that must be exported. Mr. Fletcher's voice is that of one crying in the wilderness, saying to the farmers, "Verily, you are deceived, your home market is growing too rapidly; your farmers' boys are all hastening to become consumers instead of producers of farm products." Upon this, Mr. Fletcher observes, "the loyalty and tenacity with which the farmers have so long clung to the doctrine of protection in the face of declining prosperity is remarkable." So far as the prosperity of farming declines relatively to that of other industries, the farmer understands perfectly well that it is due to the fact that the capital invested in farming "turns over" very slowly, and four-fifths of it are invested in an implement in which it does not "turn over" at all, except as the plow turns it over. This can only be amended by a more intensive system of culture.

FINANCE. *The Bond Syndicate; its excellent work.* By A. P. Hepburn (Pres't Third Na. B'k) in *Forum* for August.

Mr. Hepburn writes from the point of view which tends to send a republic to Cæsarism and to merge a democracy into despotism, at every exigency in which the domination of one person seems to give promise of a happier result than the deliberations of many. Congress, he argues, stood athwart the public interest, but Cleveland's individual will saved us from the disasters into which the people's representatives would

have plunged us. Down with the senate, up with Cæsar; down with the Parliament, Cromwell is better. Away with the General Assembly, let us have Napoleon—this is the state of popular opinion which subverts republics and substitutes Czars.

INTEREST. *The Origin of Interest.* By E. Böhm Bawerk in *Quarterly Journal of Economics*, July.

Prof. Böhm Bawerk believes that when he restates the fact that the use of money for a period of time is worth a certain sum besides the principal, he explains and accounts for it. His formula for restating the fact that a loan of money earns interest is to say that future goods are worth more than present goods, meaning thereby that \$100 a year from now is worth \$106. This formula has the threefold fault of being untrue in fact in two particulars, and not an explanation but a restatement, so far as true.

The first item in which the formula is untrue is that no borrower will pay interest for future goods but only for the use of the principal during the whole intervening period for which interest runs. If A would to-day pay B \$106 if B would agree to lend A \$100 at the end of one year, then it would be true that future goods would be worth more than present goods. But that is not the interest agreement nor any agreement which is economically possible. In the interest agreement it is not a future sum of \$100 that A pays B \$106 at the end of a year to obtain, but a present sum of \$100 together with the title to the use of that sum for a year. The formula therefore is: \$100 to-day + the use of \$100 for a year = \$106.

In this there is no balancing of a present sum against a future sum, but only of a present sum and its use for a year against another sum which will have no existence under a year's time and then will itself be a present sum when paid.

The second item in which the Böhm-Bawerk formula is untrue is that as a rule present goods are worth more than future goods—enough more so that the borrower can succeed out of the use of present goods in obtaining at a future date the \$100 borrowed + \$6 interest + *from \$6 to any higher sum of*

profits. The last + sum measures the excess by which \$100 in present goods is worth more than both the \$100 and the \$6 interest combined will be worth in a year.

Against Böhm-Bawerk's formula, for it is not a theory, Prof. J. B. Clark places a formula of the "specific productivity of permanent capital."

The peculiar economic fact which needs explanation is that the rate of interest should be so invariable relatively to the extreme fluctuations in rates of profits and in rates of wages. This phenomenon which is the only economic mystery requiring explanation is one which neither Prof. Clark's formula nor that of Böhm-Bawerk relates to.

LABOR DISPUTES. *Industrial Arbitration in the United States.*
By Edward Cummings in *Quarterly Journal of Economics*, July.

The writer traces the practical failure of the so called Arbitration tribunals set up by state authority. In some instances where elaborate statutes have provided for Appellate and local tribunals, the former to be appointed by the state solely to hear appeals from the latter, no local tribunals whatever have been organized, no appeals were brought and the state officers were totally without duties. In this dilemma "as strikers and employers failed to appeal to them they made it their business to appeal to strikers and employers, assuming a purely mediatorial and persuasive attitude."

Mr. Cummings holds that before labor organizations intervene to control business transactions of vast importance, they should not merely incorporate but should show sufficient capital to secure society against the losses and destruction incident to their action when the latter is held to be illegal.

This would bring the trade unions into a legal status like that which the *mir* and *artel* enjoy in Russia.

This suggestion is beginning to be made with frequency, but never from trade union sources. The purpose for which trade unions exist relates to that period of absolute anarchic freedom which is supposed to govern the stage in every transaction in which labor is bought and sold. To coerce either party into entering into any such contract would be to destroy human liberty at its foundation.

To enact that there should be no associations of laborers which could not show at the start that they had capital sufficient to pay all damages which capital would sustain from their assaults, would be to begin an enactment for the protection of laborers against capitalists by providing that none but capitalists should organize!

The very logic of trade-unionism as an organization of laborers united by the common interest they have in being laborers only, is fatal to Mr. Cummings' proposition.

METAPHYSICAL ECONOMICS. *Von Thunen's Theory of Natural Wages.* By H. L. Moore (of Johns Hopkins) in *Quarterly Journal of Economics*, July.

Mr. Moore's article occupies a position relative to Economic Science like that of the metaphysicians of the middle ages towards theology. It shows that deductive logic has been so applied and reapplied to certain speculative premises or formulæ in Economics, as it was formerly in astrology and theology, which in their origin were of precarious productivity and limited value, that each new application of labor in this direction only proves sharpened ingenuity and meets with diminishing returns. Men

With exactness can divide
A hair 'twixt south and southwest side

in Economics, but what such men need is such a greater contact with the fools as shall set them to splitting rails instead of hairs. Shedding the Algebraic shell of Mr. Moore's crab it is a discussion of Von Thunen's theory that the natural rate of wages is fixed by the rate of return which labor can earn by working on no-rent land on the margin of cultivation. Not more than by what it can earn by sweeping the "no rent" crosswalks, as Poor Joe did at Tom-all-alones, or by carrying on any of the occupations in which employment can be had for the asking, and they are myriads and centre rather where populations are numerous than near the no-rent lands where they are scarce.

Hunting and fishing and herding and war and slavery all precede agriculture, and are all carried on on "no rent" lands

and waters, and establish a rate of wages before land begins to pay a rent at all. Stanley's wage to each of the 265 men he led across the dark continent began with the stipulation to be "a father and a mother to them," *i. e.*, to feed, protect, nurse, and defend them. This is the beginning of wages, and it has more to do with the love of parents than with the rent of land.

REVIVAL. *The Turning of the Tide.* By Worthington C. Ford, Chief of Bureau of Statistics, in *The North American Review* for August.

There is little in this article to show that the tide has turned. It shows that the value of the breadstuffs exported in (fiscal year ending June 30) 1895 was only \$115,000,000, a lower export than had occurred before in 18 years, since 1877; that the export price of wheat in 1894, 67 cents, was unusual, and the still lower average of 1895, 57 cents, was demoralizing.

"The phenomenally low price of raw cotton has tempted heavy purchases from abroad. If the crop year be taken, the exports in the ten months ending June 30, 1895, were 3,427,845,716 pounds, against 2,566,982,921 pounds in the corresponding period of 1894. Nearly 900,000,000 pounds more were sold in 1895 than in the preceding year, and netted \$3,400,000 less."

Mr. Ford gets his office under Cleveland by being an ardent advocate of the policy of remitting American producers exclusively or at least preponderantly to the production of grain, cotton, beef, and pork, of all of which it is true that the more we produce the less the total crop sells for. It would seem that a chief of a bureau of statistics ought to perceive that no prosperity lies in the direction of the increasingly preponderant production of such products.

Mr. Ford also shows that free wool has revived that export of American sheep which became so active in 1883, when the Australian wool-growers employed the very tariff commissioner (Garland) who effected the reduction in duties, to buy for them hundreds of thousands of the American sheep which were cheapened by such reduction. Mr. Ford says: "Prices of wools, both domestic and foreign, have ruled low, very low, and in adapting the home-growing interest to the new condi-

tions introduced by the removal of the duty, some heavy losses were entailed. The sale of American sheep abroad has fluctuated widely. In 1883 the number was 337,251, and year by year the number lessened, until only 37,260 were exported in 1893. In 1895 the export of 1893 was slightly exceeded, but a few thousand in excess need create no apprehension as proof of an unprofitable industry."

Observe how the free trade pretence that the free introduction of foreign wools (for admixture) would increase the demand for American wools, fades into a dissolving illusion, as the evidences that 6,000,000 of sheep have been killed, that nearly half a million more have been exported, and that "heavy losses have been entailed," are quietly admitted.

Risk. *Risk as an Economic Factor.* By John Haynes (of Johns Hopkins) in *Quarterly Journal of Economics*, July.

This 40-page article does not touch upon the topic involved in its title, viz: the economic function performed in industry by Risk and in a more intense degree by Loss, viz: to steer the aggregated march of the societary movement (*i. e.*, of the undertakings which capital employs labor to do) away from the directions for which society has less need into those for which society's economic need is most pressing. It is almost a characteristic illustration of the slight headway which philosophic and comprehensive theories of distribution have yet made that a most labored article professing to represent in its authorship and in its journal of publication the two most advanced institutions in the country should discuss so important an element in determining the distribution of wealth as Risk, and should make no other allusion to the steering power of Risk (and of loss) over enterprise and investment than barely to say on its 20th page, "it is not the purpose of this paper to discuss distribution."

This is like writing an essay on the function of Helms and Rudders in navigation, describing their weight, size, cost, etc., and saying "it is not the purpose of this paper to discuss the relation of rudders to steering." Rudders cannot be discussed apart from steering. Neither can risks and losses be

discussed without pointing out their salutary economic effects on the course of industry and production.

If the function of every financial loss to the entrepreneur and investor is to prevent the far greater loss to society which would arise from having its industrial agents wastefully employed in producing things which would have relatively no value because society would not demand them at prices which would remunerate for their production, then every loss to an operator is like the seed sown of a future gain to society. This essay speaks of such losses repeatedly (pp. 409, 411, 413) as harmful, whereas they are in the highest degree profitable to society; indeed the very shield that saves the human race from destruction. This topic was satisfactorily discussed by I. B. Stork in the June *SOCIAL ECONOMIST* under the title, "Gratuitous Benefactions of Capital.

Mr. Haynes discusses risk as if it were a thing to be got rid of and eventually eliminated from industry, an achievement very like the proposition of eliminating rudders, keels, and stays from vessels as a hindrance to navigation!

SOCIALISTIC TAXES. *Is an Income Tax Socialistic?* By W. H. Mallock in *The Forum* for August, 1895.

Prof. Mallock thinks it injurious to the cause of sound conservatism that various forms of taxation for which there is a popular desire should be falsely denounced as socialistic. His argument seems to be that many of them are likely to be enacted, and if enacted it is not prudent to denounce them in advance in such terms that socialists could claim them when enacted as trophies and proofs of their power. He therefore selects the Income Tax as a sample of a class the others of which, we may assume, would be progressive taxes, taxes on inheritance, taxes on grain futures, and possibly protective taxes on imports, taxes to sustain education, navigation, etc. When an income tax is used as a means to obtain revenue as in England it may deserve Mr. Mallock's defence, but when as in the United States it is made part of a revenue-destroying measure, and is adopted in a demagogical spirit solely to gratify the socialistic desire to equalize private fortunes, it is clearly open to the charge from which Mr. Mallock seeks to defend it.

STATISTICAL ROMANCE. *The Signs of the Times*. A Forecast of Great Industrial Activity. By Edward Atkinson, in *The Engineering Magazine* for August.

The seductive titles of this article are intended to do duty as part of the general policy of "tooting in prosperity" by blowing on brass horns which now pervades the party of revenue reform. But when we come to examine its predictions we find they cool off into a general vision that the demand of the world for iron, which in 1888 was 25,000,000 tons, will rise in 1900 to 40,000,000 tons. Perhaps! But if it shall do so, a large portion of it will be demanded for railroad building, bridge building, etc., in Asia, Africa and South America, and being demanded there, will be largely produced there, as iron and steel are too costly of transportation to be very largely produced except where the large demand exists. No part of this increased demand is traceable to anything that has occurred since 1892. On the contrary much has occurred since that date to check both the aggregate consumption and the aggregate supply. Mr. Atkinson asserts that the demand for iron for railroad building was checked by the tendency of the people to "tamper with the unit of value"; i. e., people would not buy railroad iron at the lowest price on record lest they might also be visited by an opportunity to pay for it in cheap silver dollars made worth half their nominal value by free coinage. As we have again and again demonstrated, whatever may be the weaknesses of the desire for free silver coinage, it is mere political and economic imposture to attribute the panic of 1893 to any fear of free silver coinage. It was due wholly to the hostility of the party then just elected to the integrity of our revenues and the protection of our industries.

Among the Books.

La Vie sociale, la Morale et le Progrès. Essai de conception expérimentale, par le docteur JULIEN PIOGER. (1 vol. in 8° de la Bibliothèque de Philosophie contemporaine, 5 fr. — Félix Alcan, éditeur.) 1894, pp. 256.

Modern society is in a position not unlike that of an invalid who is surrounded by physicians holding very different opinions. The so-called orthodox economists would leave the care of the patient to the natural play of private interests. Others, more enthusiastic, proclaim that they have discovered the only infallible means of saving humanity and securing our happiness. Still others, less readily listened to, endeavor to make clear that it will pay to study society scientifically and look for the primary source of social ills, instead of being led astray by appearances and of dealing only with secondary effects in our attempted reforms. Dr. Pioger belongs to the latter class, the main purpose of his book being to show that society can be studied, and should be studied, scientifically.

Society he conceives to be an organism; social life, the unification of individuals in one social body by their socialization, as physiological life is the unification of anatomic elements in a living organism by their organization. Socialization is the essential condition of vitality in society, as organization is in the individual; it engenders collective and reciprocal relations and a natural solidarity, according to needs and aptitudes. Sociability is like sensibility, and plays the same role in social organization that sensibility does in biologic. Morality is the product of sociability, or social correspondence between men living in common, as mentality is the result of sensibility. Morality is, in fact, the way the reciprocal relations of social beings work themselves out, as health is the harmony of organic functions. Morality is social in its origin and a necessary condition of social life, resulting in natural tendencies, attractions, and preferences, and a hierarchy of ideas of good and evil, of justice and of progress. Society, like every organism, can develop, can live, only through the incessant play of action and reaction between internal and external influences which new adaptations occasion and whence arise new functions that are fixed by organization and transmitted from generation to generation, but which vary with time and place. Progress is thus

the law of social evolution, as development is of organic evolution. The one is regulated by the law of socialization, as the other is by the law of organization, each being forms of the universal law of solidarity, the tendency being toward greater complexity of organization and more marked individuality.

From the organic conception of society, the author concludes that immediate social progress demands the following :

1. The nationalization of the means of communication—railroads, canals, post and telegraph service, printing, etc.

2. The suppression of inheritance, as the greatest danger in capitalism and as the most powerful way of reducing the growing burden of taxes.

3. The social organization of suffrage, and representation which shall limit voting to "natural groupings of individuals" (whatever that may be).

La Logique sociale, par G. Tarde. (1 vol. in-8° de la Bibliothèque de Philosophie contemporaine, 7 fr. 50.— Félix Alcan, éditeur.) 1895, pp. 464.

Monsieur Tarde's book is written from an almost entirely opposite point of view. He conceives society psychologically rather than biologically, seeing the mind of the individual reflected in what he calls the social mind,—enlarged and changed, it is true, and under new and original forms, but having the same principal characteristics.

The book is a supplement and complement to an essay on general sociology, published some years since under the title, "The Laws of Imitation." In the mind of the author, it is imitation which distinguishes social life from that which is organic and vital, imitation playing the same role among social beings that memory does in the mind of an individual. The object of the present work is to show how "knowing, willing, and feeling" have their social counterparts, and to trace the laws governing their manifestations in the various fields of language, religion, industry, and art. The discussion is technical in character and not calculated to inspire enthusiasm for the new science of sociology.

La Cité moderne, Métaphysique de la Sociologie, par M. Izoulet, professeur de philosophie au lycée Condorcet. (1 vol. in-8°, de la Bibliothèque de Philosophie contemporaine, 10 fr. — Félix Alcan, éditeur.) 1894, pp. 691.

A third treatise, dealing with the same general subject and coming also from the press of Félix Alcan, presents yet another view. Society may be an organism, but social life is something more than animal life and differs from the life of an individual organism, just as the animal differs in character from a single cell. The stages in the evolution of terrestrial fauna may be roughly marked as (1) unities (cells), (2) aggregates (animals), and (3) aggregates of aggregates ("cités"). But between the human "cité" and other animal societies there exists a difference not only in degree, but in kind. The substance may be the same, aggregates, and the process of growth also be the same, as throughout all nature,—growth by association; but there is still a difference of nature. The ordinary animal is predatory: man lives by production.

"The earth does not produce spontaneously enough to supply all with food. But by cultivating it one can make it produce ten or a hundred times as much. * * * It is true the human race is not the only species of animal which understands and practices association. But it is the only one which has used association to institute culture, properly so called, * * * Animals spend their force in sustaining life. Man has a double nature. As he progresses from primitive to savage and from savage to civilized, he spends a smaller and smaller portion of his time in procuring sustenance and devotes the surplus to the pursuit of spiritual goods, in thinking and feeling, in creating science and art, in developing his mind and heart, in expanding his soul. * * * The animal lives in a circle: man ascends an infinite spiral." (pp. 112, 113, 121).

The author's terminology seems to indicate that he admits the contention that society is an organism. He speaks of an aggregate or group of citizens as the political animal (p. 111), of the State as the social brain (p. 104), and of reason as the mind of the social organism, concentrated in the elite portion of the group (p. 144). But his main thesis is that whatever of truth there may be in the organic idea of society, the important

fact is the unity of nature and the superorganic character of social functions. Speaking algebraically, society is an organism raised to the second power (p. 503).

"Truly, I admit it is an immense bound to pass from animal societies to human society,—greater, without doubt, than from animals in general to 'cités' in general, but not greater perhaps than that from cells to animals, from unities to aggregates, from Protozoons to Metazoons. But the thread is not broken; nothing new is introduced, either of matter or process (p. 71). Human civilization is a chapter in natural history, which, in its turn, is a chapter in cosmic evolution" (p. 79).

The process is the same throughout—association of parts, division of labor, and specialization of function. "The animal is an association of cells, and the 'cité' is an association of animals" (p. 152). "The solitary anthropoid [man's precursor], like the single cell, is capable of doing everything, and * * * nothing. A number of associated individuals divide their functions, and there results a multiplication and indefinite diversification of professions" (p. 85). Industry, science, art, language, literature, religion even, are the products of association. By a slow and painful process there is developed in mankind, (1) the social, (2) the scientific, (3) the industrial, and (4) the ideal sense—first, the idea of human relationship and solidarity of interest; second, the idea of necessary sequence, of type, and law, and gradual transformation, and the slow formation of new types; third, the spirit of invention and the adaptation of means to an end in production; a knowledge of the conditions of industrial progress; lastly, the æsthetic, contemplative, and religious conception of life.

"Thought is the tardy flower of social evolution" (p. 146).

The following extracts from the preface indicate both the general character of the work and the brilliant style in which it is written :

"One day I saw a picture : a little group of trembling sheep crowded together in a frightful tempest on the side of a mountain, and I asked myself, What is humanity but likewise a timid group, huddling together on the rugged sides of a star—the Earth—which describes a wonderful orbit in the immensity of space, at frightful distances from the other stars, which people the fields of heaven with their solitary multitudes. * * *

"Association is man's only resource; Union is his rampart; harmony, his fortress; solidarity, his salvation. Society is his warm nest, and his diamond buckler. * * *

"Is not the great social problem to secure a proper equilibrium between the elite and the crowd? The past shows us only the eviction of the crowd [from the 'cité'] by the elite. Who knows whether the future, through an inverse ostracism, is not preparing to show us the eviction of the elite by the crowd? All reactions are excessive. May we not fear the popular reaction, when Christian resignation shall have given place to revolutionary demands? For my own part I cannot take my eyes from the disquieting line which is beginning to bar the horizon, and which is nothing else than the growing wave of proletarians, capable of tearing up the elite by the roots and carrying civilization away like a straw on the crest of a wave.

"Renan, dying, left us this warning: There is reason to fear new centuries of barbarism for Europe. Is there not, indeed, reason to feel terrible reprisals, and to declare the 'cité' in danger? Above all, is there not reason for indicating the way of salvation, little as one may hope to have a glimpse of it? There is reason for showing how the folly and the crime of evicting the elite may be conjured, by procuring the loyal and cordial admission of the crowd into the 'cité.'

"I would willingly give something, not much—my life, for instance, if I might diminish by a half the possibility of the disaster which may darken Western civilization for centuries. In default of something better, I give this book."

M. Izoulet entertains a hopeful view of the future, however, and has written a most interesting book, well calculated to aid social progress. "There is much injustice and misfortune in the world, without doubt. But we must recognize that justice and happiness are a long and laborious conquest. The number of just men and women increases day by day. Happiness, therefore, far from decreasing, is advancing more and more for humanity" (p. 506).

Book Notices.

Municipal Government in Great Britain. By ALBERT SHAW. The Century Co., New York. 1895. pp. 385.

Outlines of English Industrial History. By W. CUNNINGHAM, D. D., and ELLEN A. MCARTHUR. Macmillan & Co., New York and London. 1895. pp. 274. Price, \$1.50.

Honest Money. By ARTHUR I. FONDA. Macmillan & Co., New York and London. 1895. pp. 209. Price, \$1.00.

The Women of the United States. By C. DE VARIGNY, Translated from the French by Arabella Ward. Dodd, Mead & Co., New York. 1895. pp. 277.

A Sound Currency and Banking System; How it may be Secured. By ALLEN RIPLEY FOOTE. G. P. Putnam's Sons, New York and London. 1895. pp. 110.

Wheelbarrow on the Labor Question. Open Court Publishing Company, Chicago. 1895. pp. 303.

English Treasure by Foreign Trade. By THOMAS MUN. 1664. Macmillan & Co., New York and London. 1895. pp. 119.

The Way Out. Exemplified Philosophy. By MOSES SAMELSON. The Irving Publishing Company, New York. 1895. pp. 428.

SOCIAL ECONOMIST.

OCTOBER, 1895.

Political Parties and the Public Peril.

Republican organs like the *Tribune* and *Press* are entering upon elaborate proofs that if we had an adequate tariff law we should not now be dependent on a private banking syndicate for the feigned ability of the treasury to redeem its notes in gold. Hence, they are arguing, if we get into the trough of the sea within a few weeks or months it will be a sign, not that more bonds must be issued, but the gaps in the tariff law must be filled up. Proper duties on wools and woolens would fill up \$32,000,000 of the revenue gap, proper duties on pottery \$8,000,000 more, and, if needed, sugar would supply \$50,000,000 with ease. With \$90,000,000 more revenue the treasury would be out of trouble.

To this the financial and commercial organs are replying that more revenue will not alone suffice unless it be gold revenue. "We are," they say, "in the swamp of paper-money revenue, collecting all our customs duties in greenbacks, and collecting almost no gold duties (except in the Pacific states) with which to sustain an annual demand against our citizens of fully \$75,000,000 of gold a year to cancel our net adverse international balance over what we can pay in crops and export of securities."

It has been made plain that the payment of customs revenue partly in greenbacks prevailed until the year 1890 without causing serious harm. It became more important after 1890, and first began to be deemed a danger that needed watching in 1892-3 when Cleveland came in. In 1889 from 85 to 92 per cent. of the customs duties were paid in gold, and not a single greenback was presented at the treasury for redemption. This indicates that in the first year of Harrison all was peace, as it had been for the ten years previous. The treasury made all its

payments at the clearing-house in gold (or certificates), amounting to from twenty to twenty-eight millions per month. Hence there was no occasion for the banks to withhold gold from their customers when they needed gold for payment of duties, and gold was freely drawn from the banks by all who desired to pay duties. From eighty-five to ninety-two per cent. of the duties collected were paid in gold.

The same state of facts as to the per cent. of duties paid in United States notes marked the years 1884 to 1888 inclusive, the proportion being from 8 to 44 per cent.

For the fiscal year 1890 the U. S. treasury paid \$230,000,000 in gold at the Clearing House, collected 92.1 per cent. of its customs duties in gold, and though the exports in gold were \$17,272,000, only \$732,000 in greenbacks were presented for redemption. From this time on the rapid decline of gold revenue appears in the following table :

YEAR.	TREASURY PAYMENTS IN CLEARING HOUSE.	PER CENT. OF DUTIES PAID IN GOLD.	EXPORTS OF GOLD.	REDEMPTION.
1891	\$212,200,000	79.6	\$86,363,000	\$5,986,000
1892	97,300,000	28	50,194,000	6,470,000*
1893	10,500,000	6.5	108,681,000	102,094,000
1894	98,300,000	21.9	76,978,000	84,839,000
1895	None.	None.	66,125,000	116,532,000

*9 months.

These tables indicate that in the years when the merchants were paying off an adverse international balance of trade with gold, without applying to the sub-treasury for redemption of greenbacks, it was because the government was in fact paying the gold to the banks through the Clearing House. With this gold obtained by the banks through the Clearing House the merchants made their payments, and the government got the gold back through its customs duties.

The *Journal of Commerce* regards this *entente cordiale* or, as it calls it, this "association" of the government with the banks as being the *veritas caput* or true source of the gold stream, and says, "All will be well if the treasury will again pay its balance at the Clearing House in coin." The banks will then draw gold from the treasury through the Clearing House in such quantities that the banks can again pay merchants' checks in gold, and thus the gold supply to the treasury will be restored.

To this the *Evening Post* replies, in substance, that when the government paid its Clearing House balances in gold it was paying not only the export demand but an independent bank demand above what was needed for export, and hence, by inference, that when it turned from redeeming its Clearing House balances in gold to redeeming its notes in gold it really lessened its gold drain by confining it to the demand for export. Says the *Evening Post*: "Taking the fiscal year 1891-92, the returns show that for the six months ending Dec. 31, 1891, the Treasury paid into the Clearing House \$46,200,000 in gold, while it only received \$15,800,000 of gold for customs. For the six months ended June 30, 1892, the Treasury paid \$50,900,000 of gold to the Clearing House, and only received from the banks \$15,800,000 of gold for customs. During that year there were \$50,000,000 of gold exported, of which the banks provided \$31,500,000, the remainder being taken out of the Treasury. After July 1, 1892, the Treasury practically ceased paying its Clearing House balance in gold and the banker no longer paid customs duties in gold. For the six months ending Dec. 31, 1892, the Treasury paid \$6,800,000 of gold into the Clearing House and received \$5,500,000 from the banks for customs. During the same period \$44,900,000 of gold was exported, of which the banks provided only \$14,000,000."

The transition on the part of the Treasury from paying its Clearing-House balances in gold to paying only its government notes in gold, does not seem to us to be the drying up of an original source of gold supply, since the government alone is in both cases the sole source of supply, and it is a case only of paying with right hand or left.

If this be true, the *Journal of Commerce's* nostrum for restoring the gold supply, viz., that the treasury again pay its Clearing House balances in gold (out of the proceeds of its gold loans, of course) and thereby stop its coin redemptions, is like asking a man who is unable to walk, to fly. It would be delightfully ample for the purpose if it could be done, but whence is the government to get the gold to settle \$212,000,000 or so of Clearing House balance as in 1891, being its annual payments to the banks? If it could do so no dilemma would exist. Such an adjustment would make the Treasury the source from which gold not merely from customs duties could be obtained, but also from

which all checks for government dues, pensions, salaries, etc., which should get into the banks for collection, would be met. Would not this help to swell the demand on the Treasury for gold? It might stock up the banks with a large share of the gold obtained from the next sale of bonds and leave even less for export.

The *Journal of Commerce* in fixing upon the "disruption of exchange relations between the government and the banks, as the responsible cause, has only struck a symptom or incident which is itself due to the general disease. It is like the surgeons in Garfield's case probing the pus-sack made by their own instruments, and mistaking it for the actual wound made by the ball.

The *Evening Post* has a complacent way of evading the actual proposal of a remedy by saying "all this comes from the government having gone into banking" (issued paper money), "and the short and simple remedy is for the government to go out of the banking business." To this the short and simple reply is, how is the government to get out of the banking business (retire its \$500,000,000 of notes) unless somebody else goes into this particular form of banking and becomes the government's banker or the government bank?

On this point the Republican party and the financial press of the great cities, including the *Journal of Commerce*, have made no more progress than the Democratic press, the Populist press, or the country press. The *Journal of Commerce* well says: "We are within four months of a probable renewal of the dangers of a falling reserve, and yet really no more assured of a normal and permanent settlement than when the troubles first set in. Neither by the government, nor by the banks, nor by the press, nor by students of finance, has anything beyond transient palliations been so far suggested. Strange to say, so long as postponements of the evil day of suspension are possible, not even the most responsible men in the world of finance seem to feel the necessity for a more fundamental treatment of the situation." This is exactly true, the only fact essential to its completeness being that the plan of relief prescribed by the *Journal of Commerce* is equally inadequate to meet the difficulty.

The government hitherto has transacted its banking business with no other of the appliances for banking than an iron

chest called the Sub-Treasury, to keep its specie in, and a printing-mill to grind off its notes and bonds. It can have no other actual capital than its surplus of revenue over expenditure, in place of which for two years past it has had a deficit. Where there is in the Bank of England a debt so manipulated and utilized as to convert it into a bank capital of about \$100,000,000, in our present government banking experiment there is only a hole, a public right to present to this bank \$500,000,000 of its own notes for redemption, and an obligation, without having a dollar of gold revenue, to dole out \$75,000,000 in gold for export.

The United States were in a position less bad than this in 1816, through having saturated and depleted the Treasury with depreciated war promises which could not be met. It organized a government bank through which every demand promise was cancelled within two years, and every time promise far within twenty years. The question which confronts us is the same old question which was addressed to Hamilton in 1789: "What will you do with your debt?" Hamilton's answer can not fail to be in the mouth of every statesman and financier worthy of the name to-day: "Bank on it."

Only by private banking on the government debt can we lift the burden of \$346,000,000 in government notes off the shoulders of the government itself and transfer it to the bankers. Only by banking on the government debts can we entitle every merchant in the country who needs gold for paying customs duties to draw a check on his bank payable in gold. Chase conceived in part the scheme of a set of institutions which would supply the need for banking institutions by the people. But he gave the arch no keystone. He supplied no institution which would relieve the government of its banking business and make its own banking solvent. The wheel was left without a hub. In so doing he created an exigency which will seem to be overwhelmingly disastrous until some Hamilton or Gallatin steps forward and says to the Third Bank of the United States as God in the beginning said unto the light—*Be*.

The institution, syndicate, or bank which performs the most gigantic financial service ever performed for a government—that of rescuing it from bankruptcy—must have a power, permanence, and capital proportionate to its task. It cannot meet

in February and dissolve in October. It must act within the law, and not without or above the law. It must have its headquarters in the United States, not in London. It must hold the revenues and receive the deposits of the Government year in and year out. It must combine in its directory the best faculties of our Government officials and the most responsible representatives of banking and business. It must have a financial power towering above that of the Bank of England or of France, as the exigency which calls it into existence is greater than any which gave rise to either of those institutions, yet it must be federal and diffused in its capital and loans, as were the former "Banks of the United States," so that their benefits were most felt where banking capital was most needed. Such an institution would become as popular as the flag, and as dear to American hearts as the Union—of which it would be the chief servitor in every industrial aspect. Banks are popular in Canada, Scotland, England, and even in France. That they should be unpopular in the United States is only a proof that they are not yet so constructed as to do the work they ought to do.

On this issue—the retirement of the greenbacks, and the substitution in their stead of bank note-currency—all parties are too slow for the exigency; but the Democratic leaders, for once, seem to be more advanced and speak with a clearer note than the Republican. Even Cleveland, in his messages, has declared that relief can not come until the greenbacks shall be retired. True, he has said nothing about what is to take their place. Their withdrawal without substituting something in their stead would be impracticable.

The disasters which would be caused by the effort to contract the currency in that degree would stop it as promptly as when attempted by McCulloch in 1868. But it is something that Cleveland and Eckels clearly enunciate the principle. Neither John Sherman, Harrison, Depew, nor McKinley has done so.

The *New York Press* is the only Republican journal that we know of which has taken a really progressive position on finance. The *Tribune* remains with those who need to be educated on this point. It even defends the greenbacks after they have become mischievous, as if they were still the food

for our armies and the wages of our soldiers. Nor does it appear to see anything lacking in the existing condition of the National Banks.

The Republican party is traditionally the party which sees the needs of the hour and is not afraid to take the responsibility of rising to the necessities of the occasion. It has hitherto been the party of the new, but on the money question, particularly currency and banking, it seems timid to the degree of weakness. It acts like one trying to live on the reputation of his ancestors. Its present position seems to be that of maintaining *in statu quo*, without amendment, every fiscal institution with whose enactment it has been identified. Like Lot's wife, the Republicans seem too much disposed to look back, when the time has come to hustle forward and get out of the way of the brimstone. This is not the position of progressive statesmanship. The money question is here and must be dealt with. To dodge is to fail. The greenbacks and the present National Banks, which the exigencies of the Civil war made necessary, were comparatively efficient so long as the immense prosperity under a protective régime prevailed. In other words, their fiscal defects were not sufficient to neutralize the industrial advantages of our protective policy, but with the first blow at our industrial prosperity their bad features revealed themselves, and our bottomless treasury, bond issues, and constant fiscal uncertainty is the result.

This evil, having revealed itself, will not be removed by the mere return of prosperity, nor by a simple decrease in the revenues. The holes in the Treasury have been discovered. Banking syndicates have learned that through the instrumentality of the greenbacks they can "hold up" the Government for millions at pleasure. To secure the Treasury against this fiscal highwayry the Government must be put beyond the coercive power of any banking combination. As we have said, no mere reparation of the revenues, or improvement of the tariff, or return to prosperity will do this. It can only be done by removing the instrument by which the "holding up" process is perpetrated—the greenbacks.

If, upon its return to power, the Republican party is to maintain its reputation and prove its superiority over the present administration, it must face this problem, and face it

squarely. The greenback has served its purpose, and the day of its usefulness is gone. Like all old institutions which outlive their usefulness, it has become a source of mischief. The same patriotic statesmanship which called it into existence must now retire it. There can be no fencing on this matter. To do it is to be equal to the exigencies of our national situation. Not to do it is to fail and drop to the level of, or below, the present administration.

Silver and the Gresham Law.

The famous rule affirmed by Aristophanes, popularly ascribed to Sir Thomas Gresham, as "Gresham's Law," holds, to use the words of the ancient poet, that there is—

"A similar abuse

In the choice of men for office, and of coins for common use ;
For your old and standard pieces, valued and approved and tried,
Here among the Grecian nation, and in all the world beside,
Recognized in every realm for trusty stamp and pure assay,
Are rejected and abandoned for the trash of yesterday ;
For a vile adulterate issue, drossy, counterfeit and base,
Which the traffic of the city passes current in their place."

This so-called law assumes that wherever two kinds of coin are circulating together, one a cheaper and the other a dearer, the cheaper coin will always drive the dearer out of circulation and ultimately establish the less valuable money as the sole money in that community, provided unrestricted use is given to both.

The notion that any class whatever will or can combine to limit the coinage of the inferior money and, by placing it in a sort of financial chancery or ward, restrain it from doing the exact thing that Gresham's law requires that it shall do, not only is not contemplated by Gresham's law, but it virtually furnishes that law with a silent partner which neutralizes its entire action. This is just what has occurred before our eyes in the United States during fifteen years past. It is in vain to say that poor money will drive out the good, or will tend to drive out the good if the dominating forces in a community or nation affected may be so summoned, marshalled and handled as to produce the reverse result. What Gresham's law means, if it is

an Economic law, is that it is a law which will act upon and control the dominating forces in the community and work its irresistible will through them. If it is a mere tendency, or branch of a greater dual law, like centripetalism, then there must be allowance made in every case for some unnamed antagonistic tendency like centrifugalism. If it is one of two forces like gravity, it must have its complementary force corresponding to levity, radiation or light, which works outward persistently from centres, as gravity works toward them.

But who has stated the antagonistic or Anti-Gresham law which has persistently operated to prevent the cheaper currency from driving out the dearer during seventeen years past, and which seems to have finally won the day?

None have so loudly asserted the potency of Gresham's law as those who have intervened to prevent its operation. Cernuschi's battle-cry for bi-metallism in 1873 to 1878 was, "You must stop coining silver, or your gold will go out;" thus practically confessing that he regarded Gresham's law as one of two tendencies which could and must be overcome, and not as one of nature's invincible laws which, spite of all opposition, would execute itself.

It is obvious that if there were no tendency of good money to displace bad, then bad money, when once inflicted on a country, would remain an eternal and irremediable nuisance, which in fact it has never done. The "cattle" money of the Homeric Greeks, the bronze money of the Romans, the adulterated money of the cheating English kings, the continental paper money of the American Revolution, and the Confederate money of the South were all "cheap and bad money," and temporarily drove out the better money of the time. But how very temporary was this expulsion, and how soon was the good money again in circulation. There must be an economic law behind the return of the better money, and this can be no other than the exact reverse of the Gresham Law; viz., that where the conditions are right, good money will always drive out bad.

Obviously the clew to the whole problem lies not in the reiteration of these "barren idealities," but in a more definite comprehension and statement of the conditions under which the so-called Gresham Law or its opposite operates.

In the case of the Confederate money, the Continental

money, the bronze or copper money of the Romans, and the wampum of the American savages, there came a time when the bad money passed into collapse, all at once, as a balloon bursts when its gas escapes or explodes. The tendency of cheap money to drive out dear, ends as soon as the popular sense of value discovers that the bad money is either unlimited in the quantity obtainable, or is materially and evidently lower in cost of production than the goods it is designed to be exchanged for.

The Economic law which antagonizes the Gresham law, therefore, is the law of the equivalence of value in exchanges. It is this which tends to expunge all valueless means of payment and all unredeemed promises to pay, from circulation as money. The two laws working together become the one law whereby that "unstable equilibrium" arises in which all really perpetual operations consist. This seems to be that all men exchange the products of their efforts for equivalent values, except in so far as some are willing to defer receiving a full equivalent, in which case a promise debt or token may arise, which itself circulates as a substitute for the equivalent, and may seem for a time, if the promise is kept, to have equal value. But this substituted circulation rests upon faith and not work, and is liable at any time to collapse when the faith is not kept, or the actually equivalent work is not performed. Then there is a return to the exchange of equivalent values only, *i.e.*, of values which if freely producible, exchange at their cost of production, and if not freely producible then at the cost of the thing they are taken to represent.

In the case of silver the daily production from the mines in ounces is very much greater for the world since its price fell to about thirty pence sterling per ounce than it ever was when its price was sixty pence sterling per ounce, which latter is the price it ought to bear to render it worth its coined value at the ratio of 16 to 1. In fact, the rate of production of silver is about three times as many ounces per annum now as it was when it brought sixty pence per ounce in 1873. Silver bullion is still held far above its cost of production, as appears from the fact that manufacturing jewellers can contract for all they want at even thirty cents for $371\frac{1}{4}$ grains. So far as any present human foresight extends, it can henceforth forever be produced

in quantities in excess of the world's entire demand at much below thirty pence per ounce.

It does not matter how these facts came to be so, or whether the action of Germany and France in 1871-73 in partially demonetizing silver helped to bring about this low value of silver, and this reduced demand for it even at this low price. The phenomenal fact is the increased rate of production at the low price. No adverse action of governments could possibly have made it profitable to mine silver at a price of thirty pence per ounce, which formerly could not be mined for less than sixty pence. Nor could any action of governments keep its rate of production at this low price higher per annum than it was when silver brought sixty pence sterling per ounce.

Whatever other facts of the situation may be chargeable to the adverse action of governments anywhere, or at any time, this crucial fact is fatal to any hope of the return of silver to par while these conditions continue, and these conditions not being due to any action of government at any time, presumptively, could not be reversed by any concurrent action of governments to-day, no matter how many should concur.

In this state of facts the attitude of theoretic bimetallists in Europe and America is slowly undergoing a species of liquidation which can hardly be called a change of mind since it is rather the logical action of the same minds on a changed state of facts. A theoretic bimetallist might, with silver at fifty-four pence per ounce, believe that either the United States, England, France, or Germany could alone restore silver to par by giving it free coinage. Yet with silver at forty-six pence per ounce, he might consistently require the co-operation of all the four powers. When silver had dropped to thirty-six pence per ounce, and he saw that at this low price its rate of production increased he might consistently assume a waiting attitude and declare that no concurrence of powers could be of service so long as the production of silver became apparently more profitable and more abundant than ever at this low price. When it goes on down to twenty-eight pence without closing any mines of importance, and at this price the number of ounces produced is larger than ever, it may be said that the indictment of the bimetallists against the governments, is dismissed, as there is plainly no other cause now needed to keep silver down than its

low cost of production, in the face of which legislative causes and international concurrence would be alike futile.

The nub of the matter was neatly put when Mr. Balfour responded in Parliament to the Bimetallists' inquiry, that the Government would take no action toward calling an international conference, until it could be satisfied that such a conference could propose some measure which would relieve the situation. Of course every man of intelligence knows that no measure can be proposed which will restore bimetallism under free coinage at a ratio of 1 to 16 when the rate and cost of production between the two metals has for about ten years been more nearly 1 to 28.

Still the two political parties in America cannot be prevented from clinging to their waiting attitudes which they express by demanding that whatever dollars circulate, whether of silver, gold, or paper, shall be kept of equal value; the Republican platform adding that all administrative and legislative acts necessary to preserve this parity shall be done.

Among the compulsory reasons for preserving this waiting attitude are the interested votes of the congressmen from the silver-mining States, and the constitutional right of every State singly to demand that it be supplied with a metallic currency of gold and silver. These, however, are not so potent as the very large vote scattered through the other States, which stands ready to be cast for the free coinage of silver on what it deems to be satisfactory arguments.

These votes in the last analysis will be found to be based on the belief that Free Silver will help the poor and that a Gold standard will be serviceable to the rich. Such a belief is very much like the similar hallucination concerning Tariff Reform, which was made effective in the election of Cleveland. It is not an element to be answered with epithets, or to be cultivated by denunciation. Nor can it be weakened by being underestimated as to its voting strength.

An active "sound money" worker who has just returned from Ohio, reports that in a private meeting called in that State to concert measures for opposing the advocates of the Free Coinage of Silver, whereto it was understood that only "sound money" men should be invited, about every fifth man pronounced himself a disciple of Coin's Financial School, and

the sound money agent returned after a summer of similar experiences with the belief that if the vote were to be taken to-day the free coinage of silver would carry the West and South.

What would follow the actual rendition of such a vote, might be best epitomized by recalling what actually did follow the vote for Tariff Reform in 1892. Chaos followed. Doubtless chaos would follow a popular vote for free coinage, and during the next few years the country would be paying the penalty.

The term CHAOS, however, is hardly sufficient to define clearly a result. In a sense something more than votes, either of the people or in Congress, is necessary to create or change the money standard. The private and corporate debts constantly pending amount to about thirty billions of dollars. Debt is not an isolated fact, but a current. Most debts are paid under the motive of incurring more debt to the same party or incurring new purchases in the same direction. For a debtor not to pay in a medium satisfactory to the creditor excludes all the profit and motive of paying at all. For a creditor to demand payment in a medium deemed harsh by the debtor loses the entire motive of originally extending the credit to the debtor; viz., so as to sell him again. It is the continuity of credit transactions that puts value into credit itself, both for the seller and the buyer of the goods on which the credit is given.

The whole country went over to the gold basis commercially, i. e., in its mode of thinking of contracts, during the vast gold production in California in 1848 to 1861. As gold became abundant and cheap silver was quoted at its premium from 1852 to 1873, and, so far as it was not greenbacks, gold was assumed to be the standard. This is as true in the mountain and Pacific States, which mine silver heavily, as it is in Wall Street or the National Banks. Hence in the apprehension of all business men throughout the United States if there is to be two standards, all existing contracts, whether in Denver, Idaho, or New York, call for the gold value.

If silver money is to go to its bullion value, there is no contract hitherto made in the United States which any one debtor will claim the right in honor to pay with silver dollars after they have lost their parity in value.

The honor and the interest of debtors, and their honor wholly irrespective of their interest, would revolt from any such proposition as vigorously as would the creditors themselves.

Hence a vote for free silver coinage *per se*, would settle nothing whatever as to the kind of money debts would be paid in. That would depend wholly on the private will of those who pay and those who receive the debts, and that private will of both parties would be everywhere for the gold dollar, and nowhere, not even in the silver States, would it dictate the silver dollar, except in the case of some "scalawag" or "crank" who would be willing to incur the odium of not paying, and such could more cheaply decline to pay at all.

A vote for free silver coinage, therefore, would not probably change the standard anywhere. It would be like a popular vote in favor of using rye bread in place of wheat, or velvets in place of woollens. Men would still wear woollens and eat wheat bread.

The tendency to the use of gold coin in payments in the silver producing States is greater than on the Atlantic coast, and we believe the tendency to make long time contracts payable in gold is greater in the mountain and Pacific States than at the eastward. The memories of the war period, also, when the Pacific coast clung to the gold standard while the Mississippi valley and Atlantic coast accepted the greenback, are still fresh and would help to wed the same Pacific coast to gold as against silver.

Against this firm grip of the gold standard on the customs and contracts of the people it is at least doubtful if any hold could be acquired for the silver standard even upon a portion of the country, as the close banking relations of even Colorado, Montana, Idaho, and New Mexico, with the other States, would be an influence sufficiently potential over the business men to outweigh the free silver fervor among the agitators and political hustlers out of a job.

From two-thirds to three-fourths of all the wholesale exchanges of the United States, and from 93 to 97 per cent. of all sales on which checks pass, whether for crops or manufactured goods, are effected without any payment in coin or currency, and are mere movements of bank credit; and less than half of

one per cent. of the currency payments are made in coin. In a hundred carloads of grain in transit, therefore, about 95 cars represent the proportion moved by bank credit, five cars the very utmost of the portion moved by currency of any kind, whether coin or paper. Of the five remaining carloads the one two-hundredth part only represents the active intervention of coin, or about one-twentieth of one carload.

The banking system therefore has about twenty thousand times as much to do with making money cheap or dear to the producing classes as the question of the coinage. What the producing classes always mean by cheap money is in fact bank credit that can be borrowed by them when wanted at low rates of interest. They do not mean or desire money that shall have a low purchasing power when measured against commodities. Although the farmers themselves or at least the smaller class of them appear to borrow little from the banks, yet indirectly they borrow from the banks the entire credit which the village merchant gives them from springtime to harvest, and also the entire credit which the buyer of futures in grain gives them when he buys in April grain which will not be harvested until September nor paid for by the miller or consumer perhaps until February. It is the bank-credit system that makes the farmer's wheat bring him cash three months before it is harvested and gives him six months' use of his implements and seeds before he pays for them. Free silver can no more render him these practical services than a carrier pigeon could draw his plough. Hence the delusion that the farmers can have cheap money in their own sense in any other way than through the banks is one that no unanimity in voting can galvanize into life. It has got to die its own death even if the deluded farmer dies with it. Slow as the country may be to learn that the reconstruction of the banking system must precede the return to "sound" money, it is nevertheless true that in practice "sound money" must consist chiefly of the loans of sound bank credits to the producers at low rates of interest, and of costless bank notes, daily redeemed in gold, circulating freely among the producers, without any rate of interest required to reimburse to the bank the cost of the note, and with only one rate of interest, and that a low one, required to compensate the bank for extending its credit during the period

of the loan. Any pretended "sound money" which does not supply these conditions is mere wampum and cowrie shells.

Labor Legislation.

In the *Engineering Magazine* for September Mr. George Kirby Holmes discusses the Labor Legislation in the United States. He shows that the legislation in Massachusetts and some other states in restricting the employment of children to a certain age has had a most wholesome effect, and also he cites many facts to show that limiting the hours of factory labor has not diminished the output or lowered wages, but rather increased both. In short, that the general result has been beneficial to both capital and labor as well as to the public health and general morality among the factory workers.

He says :

Legislation relating to labor is every year becoming more and more comprehensive, and at the present time covers a great variety of conduct, more particularly that of employers; and the question is being asked whether that point has not been reached at which this legislation is beginning to be oppressive to capital.

Much of the so-called factory legislation aims to accomplish what Herbert Spencer believes should be accomplished by the workingman himself, and is therefore a foolish paternalism. If elevator-shafts and dangerous machinery are not provided with guards, and mill doors do not swing outward, it is argued that workingmen should procure the protection that they desire by arrangement with their employers, and not procure the State's mandate to take the place of what properly belongs to the domain of private agreement. But this contention of Mr. Spencer and his extreme followers is applicable to an ideal society, or at any rate to one much more nearly ideal than our own. It is opposed by the argument that the workingman is often so near starvation, and his opportunities for employment are so limited, that he is not in a position to confer with his employer upon an equal footing.

The latter argument, carried to its logical conclusion, would require the State to take the part of the workingman in his re-

lations with his employer within the entire field of contract, and no one but a radical Socialist would go thus far. It must be admitted that all legislation of this sort, as Mr. Spencer claims, tends to weaken the workingman's spirit of self-help, and, if any of it is to be defended, the defence must take the ground that, under the present imperfect conditions, some degree of compromise is desirable,—one that shall require the employer to do some things which unquestionable fairness dictates that he should do, and leave the workingman to strive for enough to develop his individuality and to promote his co-operation with his fellow workingmen.

No theory can define the limits of such a compromise, but that there should be some sort of compromise is a conviction which has for years been growing in public opinion, and growing so rapidly lately that there may be danger of carrying it too far in the assumed interest of the workingman.

Labor legislation in which society may be regarded as having an interest, although not always the only interest, now includes a limitation of the hours of labor, much more of women and children than of men; the prohibition of certain employments to women and children; and the prohibition of the employment of children under specified ages and without a certain period of instruction in schools. It includes the securing or preference of wages due from employers of various descriptions; it authorizes instruction in the use of hand-tools in the public schools; it forbids the importation of alien contract labor, the employment by railroad companies of persons who are color-blind, and the employment of children under specified ages in cleaning machinery in motion or near other machinery that is dangerous.

There are laws to facilitate the formation of relief societies by workingmen, to exempt from seizure under execution the tools and materials necessary for carrying on a trade or business, and to exempt from garnishment the wages of the wife and minor children of the defendant and his own wages up to a specified amount. Convict and Chinese labor are more or less limited or altogether prohibited, the manufacture of cigars in tenement houses is forbidden, and free lectures for working people are provided for.

Such, briefly stated, is the specific character of the legisla-

tion relating to labor in which society may be regarded as having an interest outside of any considerations of abstract justice. Within the domain of justice the legislation has been varied, and has considerably reinforced the common-law rights and responsibilities of employer and employed, besides enlarging them in some important respects.

It is provided that no person may by force or threats of violence prevent another person from doing any lawful work or from carrying on any lawful industry, business, or calling. Liens attach to property upon which labor has been bestowed or for which materials have been furnished, to secure wages and prices ; no person, on account of sex, is disqualified from entering upon or pursuing any lawful business, vocation, or profession ; the obligation of employees to perform service that has been contracted for is enjoined, and in some States this is done with special reference to employees on railroad trains and steamboats to prevent their abandoning the same before a trip that has been begun has been completed.

The common law of master and servant is more or less redefined and made more certain. The earnings of married women are secured to them as against their husbands. Black-listing is made a crime. Employment offices can not be kept open except under certain regulations, and deception by their proprietors is forbidden.

To prevent accidents from the ignorance of stationary engineers, such engineers must have successfully passed an examination ; persons under certain ages are not allowed to have charge of elevators ; and railroad companies can not employ telegraph operators without a thorough examination to establish their competency. It is a crime for any organization to prevent any person from apprenticing himself to learn and practise any trade or vocation. Railroad companies can not exact from their employees any portion of their wages to maintain a hospital, reading-room, library, gymnasium, or restaurant. The common law does not recognize damages for the instantaneous death of a person, and this has been changed so that the legal representative of a railroad employee who has been killed in the performance of his duties may carry on a suit for damages ; and the common-law liability of employers for injuries to employees has been considerably enlarged.

Laws make it a crime to threaten to discharge from his employment, or to reduce the wages of, any voter, or to promise to give him employment or higher wages, for the purpose of influencing his vote. No offensive, derisive, or annoying words may be addressed to any person passing along any street to, from, or about his lawful occupation; nor can any noise or exclamation be made in his presence or hearing while so passing for the purpose of preventing him from pursuing it.

A person is guilty of a crime who breaks a contract of service, having reasonable cause to believe that the probable consequence of his so doing will be danger to life, or bodily injury, or loss or injury to valuable property. Boycotting is forbidden in Illinois, Maine, and New York, but is permitted in Maryland.

An examination of the legislation coming within the definition of justice shows that it is even more against the practices of workingmen than of employers, and that, as in the case of legislation (already considered) outside of justice and pertaining to the general social welfare, most of it has the approval of public opinion and will probably remain permanent in the body of our laws.

There now remains for examination the labor legislation that relates to matters outside of justice and general social welfare, in regard to which it may be questionable whether they should be left to regulation by contract. There is hardly any limit that this class of legislation may reach, and, while some of it prescribes duties for workingmen, by far the larger portion of it places responsibilities upon employers and may be extended a little at a time, so as eventually to become burdensome to them.

Massachusetts has gone farther in this legislation than any other State, as it has in the two other classes of legislation; indeed, the labor legislation of that State exceeds in variety, perhaps, that of all other States combined, especially so if mining laws are excepted. An employer there cannot, by contract, exempt himself from liability for injuries to an employee which he might otherwise be under; he cannot exact from an employee, under forfeiture of wages, a notice of intention to leave his employment, without himself being subject to the same penalty for want of similar notice of discharge; and he

must provide seats for female employees in manufacturing, mercantile, and mechanical establishments, and permit such employees to use them when their duties permit.

Factories and workshops must be suitably ventilated and provided with sanitary arrangements ; there must be fire-escapes and methods and means of protection from accident ; elevators must be provided with automatic safety clutches, and elevator shafts with self-closing hatches at every floor. No explosive or inflammable compound can be used in any factory in such a place or manner as to obstruct or render hazardous the egress of operatives in case of fire ; outside and inside doors must not be locked ; if steam power is used, communication between each room where machinery is placed and the engine-room must be possible by means of speaking-tubes, electric bells, or appliances that may control the motive power ; women and young persons must be allowed to eat their meals at the same time, and must not be employed for more than 6 hours without an interval of at least half an hour for a meal.

There must be no fines for imperfect weaving, unless it is due to the wilfulness, negligence, or incapacity of the weaver ; and they must not exceed the damage agreed upon by contract. No building intended to be used as a factory or workshop, or for mercantile purposes, above the second story and with accommodations for ten or more employees above that story, can be built, unless its plan is sanctioned by a specified public officer, who must see that various provisions are made for escape in case of fire and for the prevention of fire.

The construction of factories, workshops, stores, and boarding and tenement houses is subject to numerous and minute regulations pertaining to fire and health, under the supervision of a public officer, whose judgment and decisions are almost autocratic. Certain freight-cars must have safety couplers, and bridge-guards must be erected to protect trainmen. Wages must be paid weekly by nearly all corporations. Besides requiring all these things, the State promotes agreements between capital and labor through voluntary arbitration, and it strengthens the contracting ability of labor by incorporating labor organizations.

Massachusetts has led in this sort of legislation, and other

States have adopted many of its labor laws. In addition to this, some of them forbid employers to maintain stores, or to sell merchandise to employees for a higher price than to other persons for cash, or to coerce employees to buy at any particular store or to employ any particular physician. The cause of discharge is to be given in writing to an employee on demand.

In some States the wages of labor employed on public works is fixed by law, but under the constitution of Louisiana no law can be passed to establish the price of manual labor. In Michigan workmen must be protected from emery-dust by suitable blowers and apparatus. Wages must not be paid in Missouri with any evidence of indebtedness payable otherwise than in the money of the United States or in merchandise at current cash prices. Seats must be provided for New Jersey horse-car drivers, and in that State wages cannot be paid in merchandise or in orders or due bills. Every contract that will keep, or is designed to keep, voters away from the polls in Tennessee is void.

The most elaborate coal-mine regulations are those of Pennsylvania, and they are so elaborate that there is not space for even the most condensed abstract of them. It must be sufficient to say that they include numerous requirements with respect to shafts, slopes, structures over the surface entrances, hoisting apparatus, blasts, machinery, facilities to enable miners to change their clothes and to wash and to care for the injured, ventilation, the prevention of accidents, the organization of the working force, and the manner and means of work in great detail.

In the foregoing review of labor legislation it has been impossible to mention, even briefly, numerous qualifications of the principal features of the laws, nor has it been thought necessary, in all cases, to mention the States in which the various laws prevail.

A law, intended to accomplish a single purpose, rarely confines itself to that purpose, and doubtless the labor laws have had and will have unexpected results, immediate and remote. Much of the legislation is too recent to have produced results that can be ascertained without extended investigation, and, if they were ascertained, it would be found that they are generally not measurable.

In Massachusetts the child-labor laws have had the effect of almost entirely suppressing the factory-labor of children within the prescribed ages. A law was enacted in 1876 prohibiting such labor under the age of 10 years in factories and workshops, and statistics show how far it has accomplished its purpose. The percentage of children employed in manufacturing in 4 census years is exhibited below, the percentage being computed upon the total number of persons of each sex and of the total of the two sexes, of the specified age-periods, in the population.

	For both sexes.	For males.	For females.
1870, males below 16 and females below 15	3.17		
1875, below 15	2.45	2.78	2.13
1880, males below 16 and females below 15	3.31		
1885, below 14	0.70	0.82	0.58

In 1870, before the enactment of the child-labor laws, 14,119 children (males under 16 years and females under 15 years) were employed in manufacturing in Massachusetts; in 1880 the number rose to 17,445, but fell to 8,877 in 1890, owing to the law of 1888 raising the prohibited ages from those below 10 years to those below 13 years. These children are mostly 14 and 15 years old, since, according to the State census of 1885, the children under 14, employed in manufacturing, were 3,508, and this number must have been reduced almost to nothing by the law of 1888. In 1885 there were only 24 children under 10 years of age employed in manufacturing.

Whatever the effects of labor legislation have been in Massachusetts, they have not been felt in a way to prevent the employment of a constant portion of the adult population in manufacturing.

The following percentages show the portions that the males and females employed in manufacturing are of the total male and female population, for the special age-periods:

				For Males.	For Females.
1870, above 16 (population above 15)				37.25	
" " 15	"	"	"		16.20
1875, " 15	"	"	"	37.67	14.55
1880, " 16	"	"	"	39.72	
" " 15	"	"	"		16.05
1885, " 14	"	"	"	38.42	15.01

Although the foregoing percentages have not a uniform

basis, they are sufficient to indicate no material effect upon the employment of working people, numerically and relatively, in factories.

If labor legislation had, in fact, produced any injurious effect upon capital, no one of them would make itself manifest more quickly than the one that touched capital's pocket. The 10-hour law was passed in Massachusetts in 1874, and at that time the hours of labor in factories were 11 in the other New England States and in New York, and often 12 in Connecticut. Here was an apparent increase of about 10 per cent. in the cost of production in Massachusetts, whose competitors were nearly all in neighboring States.

To ascertain the effect of this law the legislature directed the Bureau of Statistics of Labor to investigate, with results that can hardly fail to lead to the opinion that labor legislation would need to be very drastic before it would be felt by capital to its manifest disadvantage. After this reduction in the hours of labor had continued for 7 years, mill-owners in the adjoining States were asked how they had been affected by it, and, out of 120 who made definite answers, 100 said that there had been no effect, 10 reported that the effect had been favorable to them, and 10 reported that the effect had actually been unfavorable.

Of 102 mill-owners in adjoining States, 13 said that the 10-hour law in Massachusetts had enabled them to undersell their competitors in the latter State, and 89 denied that it had done so in their cases. In the report of the investigation, the chief of the bureau, then the Hon. Carroll D. Wright, says: "It is apparent that Massachusetts, with 10 hours, produces as much per man, or per loom, or per spindle, equal grades being considered, as other States with 11 or more hours; and also that wages here rule as high, if not higher than in the States where the mills run longer time."

For want of published material, no definite conclusion of fact can be made in regard to the effects of most of the labor legislation. We know, however, that capital is sensitive to whatever makes it suffer loss, or puts it in danger of loss, and to whatever hampers its operations, and that, with a large control of the daily press, it can make its cries heard, and will do so for any length of time necessary to bring relief. Capital

has another way of protesting, which legislation never contemplates and that came prominently to notice in consequence of the so-called "granger legislation" relating to railroads in some of the western States. So severe was it that railroad development ceased, and the people so suffered for want of railroad facilities that they abandoned their anti-railroad policy.

The probability is that, if any labor legislation were oppressive to employers, their conduct would naturally be such as to give their employees a share of the ill effects. For instance, if the law in relation to fines for imperfect weaving is unsatisfactory to factory-owners, they have only to dispense with the services of the weavers who, under the law, are not desired. Then workingmen themselves would ask for a repeal of the law. In this way employers have a very effective remedy for excesses committed against them by legislatures.

Labor legislation has become so elaborate that it may be pertinent to question whether, in such a State as Massachusetts, where it has been carried farthest, it may not be better to leave labor to look more after its own interests and the legislature less. If employers complain of too much labor legislation, they may be reminded that, if they were more approachable to their employees and were imbued more with a spirit of compromise, legislatures would be doing less, and workingmen might not have formed the habit of asking the State to do what they should strive to do themselves.

The Greenback Issue is Returning.

BY JESSE H. JONES.

Signs are appearing in the political sky that the interest in free silver is beginning to wane, and that the greenback question is arising into renewed prominence before the public mind. This is well; for the free-silver movement is a blind lead on a false scent, leading altogether astray. The American people do not want silver money; and when an official in Washington with grim humor paid off silver men among his employees in bags of silver dollars, their ill-concealed or openly expressed dissatisfaction showed not only their own real mind, but the

whole national mind. The American people do not want silver money; but they do want greenbacks, and by the greenback I mean paper money issued directly by the government.

The greenback question has never been fairly discussed before the American people. The Greenbackers put forward certain vital truths of great importance; but the gold men never answered these truths, never attempted to answer them. Schurz and Garfield only slurred them over. Along with their truths the Greenbackers put forward fatal errors, which they defended with all their strength, as though the life of their doctrine depended upon making this defence successful. But the gold men pounced upon these errors, tore them into shreds, exhibited the shreds before the eyes of the nation, and made the nation believe they had answered the whole greenback question and annihilated the issue. They had not done either. They had not touched the pith of the matter.

On the other hand, the gold men put forward certain fundamental truths which the greenbackers denied but never answered. In short, each side asserted its own truth and made game of the errors of the other, but never refuted the truth of the other or perceived its own errors. What is highly needed, and ought to be earnestly sought for, is to set the truths of both sides together into one complete, well-rounded harmonious whole, with all the errors eliminated. When this shall be done we shall arrive at the final peace concerning the currency.

One or two illustrations of these grievous deficiencies on both sides must suffice.

The greenbackers said that the government authority making the greenback a legal tender for debt, and the government power of taxation making the whole property of the nation the banking basis of the greenback, caused this to be a far better currency than any which any bank could provide. This was never met by the gold men.

On the other hand, the gold men asserted truly that only coin money could be the measure of values—that only what cost labor could be the measure of labor, that what contained value could be the measure of value, as what contained length could be the measure of length. But the greenbackers asserted that what had relatively no value, a printed paper ticket, contained value, and so could measure value. So they

said that two printed pieces of paper which cost just the same to make were so different in real power that while one measured one dollar, the other measured one thousand dollars, when neither was a measure at all, but only a printed paper ticket representing value. The greenbackers might just as truly have labelled a quart cup with, "This is a hogshead," and then declared that it was the measure of a hogshead. They did not see that their doctrine on this point was a fatal absurdity, and so the cause of the people, of the whole nation, was dashed to the ground through their lack, and the cause of the banker barons, the men who prey upon the people, prevailed.

In view of the apparent reappearing of the greenback issue in politics, I will endeavor to make a complete statement of the questions involved, so as to be helpful in causing the real case to be understood. And I will first state

WHAT THE GREENBACK REALLY IS.

The greenback is the national ticket of exchange, or transfer ticket; the national certificate of deposit; and the national clearing-house guaranteed certificate. These are all in it by nature.

The greenback embodies the national sovereignty in which are the right of eminent domain, the right of taxation, and the general right of enacting laws as rulers of conduct and enforcing them; and by that sovereignty it is made the national ticket or certificate, based upon the whole wealth of the country, and to be used for effecting exchanges of wealth with. This it is in its nature.

It has all the worth that any bank-book of deposit has, because no man gets it without he deposits its equivalent in labor or the products of labor with the government; and it has more. It has all the worth that any clearing-house certificate has, because the law making it turns the nation into one vast people's clearing-house, with the greenback as the national certified check to effect all exchanges and balance all accounts with; and it is more. It is the bank-note of the people's national bank, that is, of the nation's treasury turned into the nation's bank; and it has all the worth of any bank-note of a private bank, and it has far more.

And the "more" in each of the above cases is the nation's

supreme authority and power by which all the wealth of the nation is put and held under this ticket to keep it good, first to make it effective as the instrument of exchange by compelling everybody to take it for debt, and secondly by making it the equivalent of gold coin when this can be done. Nothing of this "more" can any bank have except as the nation confers some of its own power upon it wrongfully. I say wrongfully, because in the nature of the case the power to form representative money is an integral part of the power to stamp coin money; and this is so because the representative paper ticket is of the nature of the stamped coin, seeing that it takes the coin's place, and does its work as an instrument of exchange. Moreover, the power to stamp coin money is an essential element in national sovereignty, and can never be parted with rightfully any more than any other such element. And because it cannot be so parted with, the power to form its representative cannot be. It is just as absurd to do so as it would be to let out by contract the carrying on of a great national war. That the gold men never have seen this, but have strenuously denied it, is a part of their deathful falsity; while that the greenbackers have seen it and maintained it, is a part of their lifeful truth. There is more to be said on this point; but this is all we have space for, and perhaps it is sufficient.

But why is the greenback wanted? Why not have gold and silver coin money the only money?

Because coin money is crude, clumsy, inconvenient, unhandy, is "barbarian money," as unfit for these times and our present civilization, as the old-fashioned stage coach would be unfit to compete against our railroad trains for carrying passengers across the continent; or as the ox money of the ancients would be unfit to compete against coin money. Also, because all the coin in the world is not nearly enough in amount to do the business of the world with.

Money is crude, clumsy, inconvenient. Who wants to lug a hundred dollars in silver around instead of a hundred dollars in greenbacks; or a thousand dollars in gold rather than that amount in paper? Nobody. How much does ten thousand dollars in gold weigh; and how far could you carry it in a day for it? Why has the government issued gold certificates by the hundred and fifty millions, and silver certificates by the

three hundred millions? Because the gold and silver coins are clumsy and inconvenient to carry about, and the people don't want them and won't have them; but they do want and will have the paper tickets which represent them.

But the people need far more currency to do business with than all the gold and silver in the country. Why? Because of the enormous increase in the volume of business to be done, with no corresponding increase in the volume of coin. The amount of this increase as shown by statistics is not at hand, but any one who can remember back fifty years knows that it is very great, and far beyond the increase in the number of the people.

But the bank men say that all this increase in trade is met by the increased facilities which the banks afford through their certified checks and other private pieces of paper which they provide for use in trade. When they say this they show that the great field of the greenback is not before their eyes at all. But that field it is needful to see, and make due account of.

There are two domains, the domain of the wholesaler, and the domain of the retailer. The former is the field of the bank with its private paper facilities and helps; the latter is the field of the greenback, because it is the field of the plain people, the final consumers, who buy at retail, and who must have the greenback or the like in their pockets to make their purchases with. These are the people whose purchases for to consume are the real foundation of all the prosperity in trade and manufactures. These are the wage workers in Fall River and every other cotton center, in Pittsburg and every other iron center, in New York and every other trafficking center, and so all through the land, who consume the commodities of the earth, and whose power to consume is the measure of the economic condition of society. These people practically never use a bank, and bank facilities are nothing to them. They must be paid in cash, and they must pay in cash. But the vastly increased volume of goods for them to buy, caused by machinery, requires an increased volume of cash for the employers to pay them off with, and for them to buy with; and the greenback is that money for them. No bank could provide anything nearly equivalent to it.

The financiers of the world call gold the money of final ac-

count, because it is the final standard by which all goods within the scope of the commerce of the world are measured. In this country the greenback, in the same way, is the money of retail trade, because it is the essential necessity as the instrument for the carrying on of that trade. And for this trade the banking and clearing-house facilities offer no help.

The vast increase in the volume of the goods made to be bought at retail to be consumed by the people makes a correspondingly vast increase in the volume of the retail money necessary with which to do that buying, and that retail money is the national ticket of exchange, colloquially called the "greenback." Including the national bank notes for which greenbacks ought to be substituted, there are over a thousand million dollars of them in this country, and they constitute two-thirds of the money in use, and ninety-nine hundredths of what is in the hands of the people to buy and pay with. The above facts show why coin is unfit and a national paper currency is needed to do the retail business of the country with.

The answer to one more question will finish what I would offer at this time. The gold men rightfully demand an answer to the question, By what principle shall the volume of the currency be determined and limited? Or by what standard will you decide when to stop the presses from printing the paper tickets and shedding them forth to the people? The greenbackers said fifty dollars per capita, but never gave any real reason for that limit, their bare assertion being quite insufficient. This was a fundamental defect on their part, which the gold men made the most of. Judge T. Wharton Collens, of New Orleans, La., now deceased, discerned and taught the true law of limitation, and what he taught I give as unquestionable.

The volume of retail currency in the land needs to be so great that all the retail transactions of buying and selling in all the land, every day, can be cash transactions, so that in the ordinary course of trade with all men as they are, every purchase can be for cash, there being cash enough in the country, so that in that course every man can have that cash in his pocket to pay for what he buys.

What this volume needs to be can be just as well ascertained, when men take the census of the trade transactions of the na-

tion for a year, as the life insurance tables could have been made as they were, which give the average expectancy of life. When the number and amount of the daily retail purchasings in a city are known, and the rate at which money circulates there, from payer to worker, from worker to retailer, from retailer to banker, from banker to maker or jobber, and so on around, then the amount of currency needful to a spot cash business for that city will be known. And the investigation can be continued until the case of the whole land is known. Meantime I remark that the volume of money in the country is two and one-half times as great per capita now as it was in 1860, and the volume in circulation is nearly twice as great; from which I infer that the volume of currency necessary for a universal spot cash business will be distinctly greater than it is now rather than less; for business is far from a spot cash basis.

To sum up, the real greenback question is this:

Shall the nation as sovereign transform itself into a national bank with the whole wealth of the nation as the foundation of the same, issue legal tender tickets of exchange to such an extent as is needful, so that all the purchasings every day may be for spot cash, and keep these tickets at par with gold or as near as may be? This is the question; and if it can only be gotten squarely and fully before the mind of the American people I have no doubt as to what their answer will be.

Shakespeare's Audacious Law.

BY VAN BUREN DENSLOW, LL.D

The audacity with which the playwright who "rattled together" the plots of Shakespeare's plays, defied the possibilities of history and the capacities of human nature, does not seem to have met with the criticism or attention it deserves. Some attention has indeed been drawn by various writers to the fact that at no period in the administration of the remains of the civil law in Italy during the middle ages could the validity of the bond given to Shylock by Antonio in the "Merchant of Venice" have been made the subject of grave judicial investigation. The bond, it is confidently asserted, would have had no standing in court, even at a time when heretics, witches and sorcerers were burned.

The literary audacity shown in the "Merchant of Venice" pales also before the crude and barbarous vigor with which all the legal ideas of the Danes, and of every other race on earth, are defied in "Hamlet," and all the possibilities of Scotch history, habits and character are trampled under foot in "Macbeth."

It is contrary to the principles of human nature everywhere that the affection of parents for their brothers and sisters should exceed that for their children, and especially for their sons. This being true, the law of inheritance of thrones and rank, which is always fashioned after the law of descent of lands and goods, would necessarily require that when Claudius Hamlet, King of Denmark, the father of young Hamlet, died, leaving a son of full age, the crown should descend directly to the son, and if young Hamlet were a minor the late queen consort would be regent merely.

But the play of "Hamlet" opens one month after Claudius' death, with his brother enthroned instead of his son, and the former queen consort to Claudius Hamlet is now consort to his surviving brother.

Furthermore, this impossible mis-descent is assumed by all the persons of the drama to be a mere matter of course, and the younger Hamlet's entire calamity is pictured as being his loss of his father, with no allusion whatever to his loss of a throne. The Ghost assumes that upon the "juice of cursed hebenon" being poured into his ear the "leperous distillment" would not only "curd the thin and wholesome blood" and bark about with a most instant tetter,

"Most lazar-like with vile and loathsome crust
All my smoothe body,"

but that he would thereby be

"Of life, of crown, of queen at once despoiled."

It is not indicated whether the queen had been a queen jointly regnant with the elder Hamlet or a queen consort to him; but the assumption of the text is that her entire dignity had been derived through her husband, not that she was queen regnant in her own right nor that these successive husbands were mere kings consort, deriving their positions through her. The new king assumes all the attributes of a monarch, as if his brother's death were absolutely all that was needed to make him

king. He sends commissioners to Norway, and, according to the words of Rosencrantz, this king was assumed to have power to assure the crown to Hamlet at his death, and had done so before discovering whether his own incestuous marriage to his brother's widow would have issue. (Ham., Act III., scene 3.)

Ham. Sir, I lack advancement.

Ros. How can that be when you have the voice of the king himself for your succession in Denmark?

The event which would have controlled the descent at the period of the play was the act of union between Denmark, Sweden and Norway, known as the Union of Calmar (1397), which provided that the three kingdoms should be under one king, and that even where the late sovereign should have died, leaving several sons, one only should be the ruler of the three kingdoms, and in the event of the reigning king or queen dying without children, the senators and parliamentary deputies of the three kingdoms should jointly elect a sovereign. This act was doubtless in accordance with the immemorial spirit of the Danish laws, as it enforced Danish law on the other two kingdoms, and it shows that, instead of abolishing direct succession in favor of collateral, the adhesion of the Danes to lineal succession was so strong that they would not entrust the crown to collateral succession, even where there was a failure of direct issue, but would hold the crown open to election by parliament rather than let it pass in any event whatever to a brother. The *hebenon* by which the act of poisoning is supposed to have been committed, is *nicotiana*, or oil of tobacco, a substance unknown in Europe until it was brought from America by Nicot in 1570. Hence the play is laid at a period 200 years after the fundamental law of the realm had forbidden the descent of the crown to a brother even when all lineal issue were exhausted. The medical assumption that oil of tobacco in one's ear will produce ancient leprosy, covering the body with a crust, is one that may well be left to physicians. Very few physicians would believe that death or leprosy could be so produced. We have not at hand the original Danish story which it is alleged forms the original of the play of "Hamlet," and so do not now remember whether it contains the same violation of the first principles of social law as that contained in the Shakesperian play. Whether it does or not would be quite immaterial, as

it would still betray ignorance of the fact that all the fundamental assumptions as to the status into which the respective parties to the drama would be thrown by the death of the elder Hamlet are impossible under any system of law or custom which ever prevailed in Europe or probably in any nation or tribe on earth.

It was impossible that the Ghost should have assumed that his demise would have devolved the crown on his brother, impossible that young Hamlet should assume it, impossible that any portion of the people of Denmark or of any other kingdom on earth should have assumed it, and therefore impossible that the murder should be assumed to be commissible with the motive assigned, viz., of succeeding to the throne or the queen. She would have been only dowager queen and young Hamlet would have been king. Whether Hamlet's philosophic madness could only be dramatically exhibited by assuming an impossible set of human relations and of legal consequences is a question of literary art upon which we need not enter. Whether impossible conjunctions of moral depravity can only be conceived in connection with equally impossible assumptions concerning the possible earnings which may result from crime is also an interesting problem which we forego discussing. If a man of keen moral sensibility like Hamlet can kill the father of Ophelia, without pity or regret, for no graver offense than that of seeking to protect Hamlet's mother by eavesdropping, it is probably in keeping with what Voltaire called the "slaughter-house" quality of Shakespeare's tragedies, that a crown should pass by murder to a brother rather than by descent to a son.

In "Macbeth" we have the like assumption on the part of a Scottish captain who has just won in a recent skirmish the title of "Thane," that if he can assassinate his king, Duncan, though Duncan's two athletic sons, Malcolm and Donalbain, survive and are in full health, yet Macbeth will then become king. No election or proclamation by the army, no renunciation by the heirs apparent, no concurrence of the nobles is called for. To Lady Macbeth the succession appears assured as soon as she learns that Duncan is about to sleep under their roof. Nothing but murder is required to win a crown for a person between whom and the throne there stands two male

heirs, both on the ground, one General Banquo, as distinguished as himself, and many earls and notables.

Succession by assassination was at all times as foreign to the Scotch character and history as cannibalism. Hospitality to guests, and especially at night, is an inborn and deeply-felt religion among the Scotch. Sir Walter Scott, in the "Lady of the Lake," pictures Roderick Dhu and James Fitzjames as enemies, who have sworn each other's death, and who intend to kill each other in open fight when they meet. But Fitzjames, when wandering alone and lost upon the mountain, comes upon Roderick's camp-fire, and, without revealing his identity, asks and accepts his hospitality. Having slumbered through the night, a sharer of Roderick's supper, camp-fire and cloak, the two mortal enemies in their morning talk and walk make known their identity and purpose. But as guest and host each is safe from the other's attack until Roderick Dhu has led his guest safely beyond his own domains and minions, whereupon, being equal, and every rite of hospitality having been performed, they fight, and Roderick is mortally wounded at the hands of Fitzjames.

In a country where hospitality is thus sacred and assassination is a thing unknown, the hideousness of murdering a king by night to get his throne is a foreign travesty on its face. Such crimes might occur in Northern Africa or Southern Asia, and even in Italy. During the invasion of Italy by the Lombards events occurred from which the criminal atrocity and ferocity of Macbeth might have been drawn. But to locate them in Scotland at any period is simply to transfer to the atmosphere of the Highlands a kind and form of depravity which, while it never existed in its fulness anywhere, never found any type or suggestion among the Scots.

The suggestion for "Macbeth" might have been found in the far stronger and more dramatic events which marked the death of Alboin the Lombard in 572. Having slain the Gepid king Cunimund, he had carried off and married Rosamund, his daughter, a woman of extraordinary beauty. He then fashioned her father's skull into a drinking cup, and at a banquet ordered the cup-bearer to carry the cup filled with wine to Rosamund and invite her to drink. Though the queen obeyed, she determined upon a revenge equal to the insult. She plotted with

Helmechis, the king's foster brother, promising him her hand and the Lombard crown if he would kill her husband. Helmechis stipulated that Peredeo, the chamberlain, a man of superlative strength, should also be joined in the plot. Peredeo at first refused, but Rosamund knew that he was engaged in an intrigue with one of her waiting women, and easily persuaded the latter to permit her mistress to act as her substitute at her next appointment with Peredeo. This so resulted that Peredeo found himself certain to be slain for seducing Rosamund if he further refused to slay Alboin. Peredeo was thus forced to become the assassin. When Alboin was taking his noonday nap the guards were withdrawn, Alboin's sword was tied in its scabbard, and Peredeo was led into his chamber, where Alboin had nothing but a footstool to defend himself with. At last he who had slaughtered such a multitude of his foes, "fell like a nothing in his chamber by the stratagem of a woman."

Now observe how much more naturally the real Italian drama develops than the Shakespearian imitation. The hopes which Helmechis had entertained that he might be chosen king of the Lombards proved utterly vain. On the contrary, Helmechis, Rosamund and Peredeo were soon in swift flight to save themselves from the vengeance of a kingless people.

How much superior is this in dramatic force and probability to the shallow devices attributed to Macbeth, of slaying the guards, in indignation at their having slain Duncan, while Malcolm and Donalbain run away, one to England and the other to Ireland, supposing that their interest in the succession to Duncan would cause it to be assumed that they had murdered Duncan.

In the Lombard tragedy Helmechis in his flight marries Rosamund and sails for Byzantium. Thereupon Longinus, standing for the empire in Italy, persuades Rosamund to poison her new husband Helmechis in order to marry him and become virtually queen of the Italian world. The goblet was brought by Rosamund herself to Helmechis in the bath. Immediately upon drinking half the draught he felt that it was fatal, and therefore compelled Rosamund herself to drink the other half.

Here, in the course of real events, each character is drawn along by passions, most of which are only suitable to their pro-

vocation, into the commission of minor peccadilloes, from whose meshes they cannot possibly escape until they have committed the most stupendous crimes. But both in "Hamlet" and "Macbeth" an impossible adjustment of supposed consequences is made to furnish an assumed motive for crimes which are neither human nor animal, but simply motiveless and insane.

The tremendous energy of Shakespeare's tragedies lifts them above dramatic criticism, and makes them the standard. Their heroes are not men, their heroines are not women. Both are survivals over into the modern stage-life of the artist-made gods of the mythological pantheon. Richard III. is a better Satan than Milton drew. Macbeth is a better Belial. It is a proof of the moral advance of this age that the good taste of society revolts from the notion that Shakespeare's men were human. It does not greatly care for monstrosities of any kind in fiction, any more than for tortures in a theory of destiny. It prefers a drama whose characters are not revolting and do not rape the graceful form of History.

The three plays cited furnish strong proofs if any were needed that the author of the plays could not have looked at his plots through a legalist imagination like that of Lord Bacon, the first lawyer in his day of the kingdom. They are the product of an imagination in which the descent of a throne to a brother, or to a successful chieftain in preference to a son, creates no sense of incongruity. In like manner in George Eliot's *Daniel Deronda* the heroine is assumed to be indebted to an annuity of £2000 left by her late husband's will for her accidental rescue from poverty because she married without a settlement, whereas her dower in his real estate and share in his private estate would have amounted to a very much larger fortune.

Protection by Bounty.

BY ALEXANDER R. SMITH.

A new issue has arisen in the nation, which may best be defined as a demand for equitable protection. American producers of agricultural staples, a portion of which are exported,

and Americans who own or desire to own ships in the foreign trade, are joining in a demand that they be protected against foreign competition, by the payment of bounties. The bounty in the case of agriculturists is demanded on that portion of their staples that are exported, and the bounty in the case of shipping is to be based on tonnage, supplemented, probably, by a differential duty on imports in favor of American ships. This is demanded in order that the two great industries affected may be protected from foreign competition precisely as our manufacturers now are. While adhering, most closely, to the vital principle of protection, American agriculturists and ship-owners have found that at present protection is unfairly and inequitably limited in its scope, and that they are, primarily, the sufferers of that limitation, although in the end the entire country suffers, and this it is the purpose of this paper to explain.

The suggestion of an export bounty on staples of agriculture originated with David Lubin, of California, a wealthy merchant and farmer. Protection being desired by American ships in the foreign trade, it was suggested that the two interests unite in a demand for equitable protection. A vast portion of our agricultural and shipping population are in hearty sympathy with the work. The Republican party of California adopted as a plank in its 1894 platform a demand for protection by bounty for agricultural staples, and the equitable protection of agriculture and shipping has been unanimously demanded by the Chambers of Commerce of San Francisco, Seattle, and Portland, Oregon, the Board of Trade of Bath, Maine, and by the leading shipbuilders of the country. Quite a number of the State Granges, Patrons of Husbandry, have endorsed the proposition so far as it applies to agricultural staples, and the Executive Committee of the National Grange was directed at the last national meeting of the Patrons of Husbandry to call a conference of manufacturers and others to take action on the proposition. Millions of pieces of literature have been distributed, free, largely among farmers, and millions of pieces more are being prepared, now, for general distribution, the expense of all of which has been borne by Mr. Lubin, and is enormous. He is prepared and fortified to carry the work forward as long as may be necessary, singly, and thereafter to

bear his full share of whatever expense the propaganda may entail. He has, in fact, practically placed his large business interests in others' hands, so that he may devote his life to this work. His energy is marvellous, his persistence phenomenal and his confidence sublime.

Protection to American industries has been the rallying cry of one of the great political parties for thirty-five years. It has been asserted that protection is given to preserve American markets for American producers. But this imperfectly states the true purpose of protection. Protection is given to protect American industries against the competition of the world. That it has hitherto been inequitable in application is not the fault of the principle, but the method of applying it. Naturally, therefore, those who demand equitable protection, turn to the party that affirms protection as the cardinal principle of its faith.

Some protectionists at present look askance at this proposition, perhaps dreading a trap. But it is honest, and, what the application of protection has not hitherto been, it is complete. In a word it is a form of protection that protects—all who are in competition with foreign labor. It wins to its support millions who have opposed protection because it was inequitable. Take from the opponents of protection the basis for their assertion that it is at present a system for the protection of the few at the expense of many, and the remnant, which will consist only of free-traders, will be a sorry scattering—utterly and forever impotent.

Protection is now given American manufacturers, in order that they may meet the competition of foreign manufacturers. Were it not for that protection foreigners would undersell Americans in the home market, just as they now do in the foreign markets. And the latter is true despite the fact that protection stimulates home competition, and lowers prices. The manufactures we export, now, are four-fifths manufactures of agriculture. In exceptional cases, as where patents give protection, the balance of our exports of manufactures are made up.

In recent years, only, have agricultural machines found their way into the hands of foreign farmers. The previous almost exclusive use of these machines, in the hands of high-priced

American farm laborers, was equivalent to protection, because our high-priced labor produced enough to compete at a profit with the more crude, and therefore smaller, per capita, production of foreigners, so that prices ranged high, comparatively.

Using these agricultural machines, the cheap-paid labor on the cheapest lands of the world has enormously increased production, per capita, and in the aggregate, so that the increased supply has practically cut the prices in two. The foreign producer can stand the cut, his labor and his lands being so cheap, but the American producer cannot, his labor and his lands being so dear, actually and comparatively. The reports of the Secretary of Agriculture show that, after the producers of these staples have sold their crops, they have not received for them what they spent to produce them. Our farmers cannot now produce any more, even using agricultural machines, fertilizers, and all the accessories, than their foreign competitors can, and they must either get down to the social and industrial level of the barbarians of India and Egypt, or cease to produce a surplus. Egypt and India can raise cotton at five cents a pound and wheat at fifty cents a bushel, respectively, at a profit. Americans must do the same, in the end, and under the same conditions, unless protected against this foreign competition.

There are those who refuse to admit that "Liverpool makes the price." To such unbelievers, let us put the thing another way. Liverpool buys in the open markets of the world. Production, supply and demand, are, of course, the basis of trade. Production of agricultural staples has enormously increased of late years, far beyond the growth of population or of ordinary demand. As a consequence, prices have fallen fifty per cent. The foreign competitor, with machines to help him, produces twice as much as he did before, and does not feel the reduction in price. The American who has had the advantages of the machines all along, produces no more, and the cut affects him fifty per cent. Liverpool buys at the low price, because the supply enables her to. Our exports must sell at the low price, or accumulate. They sell. And when we sell for export at the low price, the home consumer pays no more than the exporter, and so all of the product that a portion of is exported

is sold at the price that Liverpool pays—the world's price. Whether Liverpool makes the price or not, therefore, there can be no doubt but that American producers of staples of agriculture are obliged to compete with the lowest-paid producers of them in the world. If a short crop, as this year, for instance, raises the price, it does not alter the law of economics here discussed. Competition is only possible through a reduction in prices. A protective tariff arrests this competition, wherever applied. A bounty on exports would do the same thing, wherever applied. Our tariff does not affect the world's—free trade—price of manufactures, nor would our bounty affect the world's prices. Our protective tariff increases the cost of manufactures imported, and consequently increases the cost of manufactures produced here. Our bounty would increase the cost of staples exported, to the purchaser in this country, and it would also increase the cost of the staples consumed in this country. The bounty would give to the agriculturist the protection the tariff now gives to the manufacturer, so that each would be protected alike. From 1688 to 1764 Great Britain paid a bounty on agricultural exports, shipped in British-owned-and-manned ships. When she ceased to pay the bounty she ceased to export agricultural staples, and the duties levied on foreign imports of agriculture protected her agriculturists, the same as the duty now protects American agriculturists on such of their products as there are no exports of. Our present tariff levies a duty of twenty per cent. on buckwheat, corn, corn meal, oats, rye, rye flour, and wheat and wheat flour; fifteen per cent. on oat meal, thirty per cent. on barley, forty per cent. on barley malt, and thirty per cent. on pearled, patent or hulled barley. Where none of these staples are exported, the duty protects the American farmer. Where we do export, it affords no protection. It cannot, because when we export we sell at the world's price, and, naturally, the world will not pay our duty to get to our markets. On potatoes there is a duty of fifteen cents a bushel, and we export none. So, the American producers of potatoes are protected fifteen cents a bushel. Should our farmers raise a surplus of potatoes, and export them, the duty on potatoes would afford them no protection: they would sell their potatoes at the price they had previously been protected against, less the amount that the increased production

had decreased the world's price. So, actually, when the American farmer needed protection he would not get it, and when he did not need it nearly so much, he got it. Paradoxical?

There are those who suggest a greater diversification of agricultural production, and who advise our farmers to produce no more than the home market demands. But, if diminished production followed, the price would go up, and in the end the country would be paying the equal or more than the bounty proposed, in the advanced rate on diminished production, and, too, we should have nothing to pay for our imports with, because we cannot sell our manufactures in the markets of the world—they are too costly—we cannot pay in bullion, and so, we must sell a product that the world can buy at the world's price. It were better that this be paid in agricultural staples, even though a bounty be necessary to equalize things for the American producer, than to give a bounty on manufactures sufficient to enable them to sell their products in competition with those whom the tariff prevents from competing with them in the home market, and it would be fairer, too, because the manufacturer is now protected by the tariff, but the agriculturist is not protected at all, when he exports a portion of his product. If it is just to protect Americans against foreign competition, justice is not done when Americans are not protected against foreign competition. And justice is not done those Americans who, by producing a surplus of staples of agriculture, are compelled, in disposing of it, to compete with foreigners. Just so with American ships in the foreign trade. They are obliged to compete unprotected with foreign ships, except in the case of mail-carriers. Now, the party of protection is committed by its acts to the policy of a bounty on American ships, in competition with foreign ships. Here is a different method of applying the principle of protection than by a duty on imports. Here, in fact, is the very method of applying protection that agriculturists demand, because, like ships in the foreign trade, a duty on imports cannot protect them. Shall the party of protection refuse a bounty to agriculturists, competing with foreign agriculturists, and grant a bounty to American ships, competing with foreign ships? The so-called tonnage bounty bill was framed by the party of pro-

tection, and in the Fifty-first Congress it passed the Senate by protection votes, and came within three votes of passage in the House. We have got along without ships by paying foreign ship-owners between four and five billion of dollars the past thirty-five years—a monument of reproach to the party of protection—but we cannot get along without agriculturists.

Whatever protection to manufacturers may cost the nation, it is the policy of the party of protection to pay it, because of the benefit to the nation, even if the people are compelled to pay more for manufactures. The cardinal rock upon which the nation rests, is agriculture. When our agriculturists are prosperous, the nation prospers. When our agriculturists are unable to pay their debts they cannot buy, and the nation experiences a panic. A bounty, with provision for its suspension when short crops make prices high, that will give stability to agriculture, and assure the farmers a profit, by protection, is what the nation must come to, at whatever the cost. It is at least as essential that the nation shall pay the price of protecting our farmers, as it is that it shall pay the price of protecting our manufacturers. A duty on manufactures compels the American people to pay a bounty to American manufacturers, and a bounty on agricultural exports will do as much for agriculturists. Honest protection can do no less.

Time was, under fuller protection, when we raised a surplus of revenue that would have paid all of the bounty demanded on exports and ships in the foreign trade, and the country prospered when the surplus grew in the national treasury. What has been done can be done again. Statesmen can devise the way. Great Britain did. Let the American demand become strong enough (and it is growing, grandly and rapidly) and the way to pay the bounty will be easily discovered. If statesmen cannot find a way to meet the demands of the people, the politicians, whose ears are always keen to hear what the people want, will devise the way—they have never yet failed.

The farmers are beginning to learn their strength, they are also learning to use it. This country is made up of honest people, men and women who are honest and just. An appeal to them that possesses the elements of honesty, justice and equity, will not be made in vain. The proposition to give a bounty to agricultural exports is wholly a matter of equity. If

right, it should be paid, and it will be. If wrong, it should not be paid, and it never will be. The principle of protection to American industries is a grand one. The only competition that protection is needed to equalize is foreign competition. And protection is needed to equalize every kind of foreign competition, whether it be in manufacturing, in shipping, or in agriculture. The great principle of protection will never be equitably or justly applied until it is accorded to every industry in which an American competes with a foreigner.

COMMENT BY THE SOCIAL ECONOMIST—

We have heretofore stated that we regard Mr. Lubin's idea as delusive. To be specific :

1. A bounty on exports of agricultural product is a bounty on the production of things whose very export, while other things are being imported, indicates that it is produced in excess of the country's need, while other things are produced in deficit. To bounty the production of what we do not want and cannot use is to intensify an excrescence. It is like bountying wolves, crime, and vice

2. Bounties on exports (cotton, wheat, beef, pork, lumber, &c.) would tend still further to depress the price in foreign markets of the things bountied, as men here who cannot afford to raise wheat when it is worth 50 cents a bushel, but can afford to raise it when it is worth 65 cents, would by a 15-cent bounty be enabled to sell all the wheat that cost them 65 cents at 50 cents. They would get back the balance in the bounty. This would force into the production of wheat all the growers who could produce it at from 50 to 65 cents, but would tend to reduce the price to 50 cents. The bounty therefore would be expressly adapted to intensify the wasteful expenditure of human effort, while steadily reducing its return.

3. A bounty on agricultural exports sufficient to affect their price would bankrupt any treasury, and would furnish no class adequate to pay the tax. Suppose our cotton crop to be 9,000,000 bales of 300 pounds each, and that two-thirds of the crop were exported. A bounty of 1 cent a pound on the export would not exceed its cost of transportation from the point of production to the sea. This would amount to \$27,000,000. The bounty would have to be paid by producers who are pro-

ducing less profitable products than cotton, since none but the most profitable product would be produced in greatest excess. Hence it would be like taxing the losers in a game of chance for the purpose of increasing the winnings of the winners. It could have no ethical basis.

It is true that from 1689 to the last quarter of the eighteenth century England gave a bounty on the export of wheat, but that was at a time when England had difficulty in producing wheat enough for its own people. Wheat-raising had been largely superseded by sheep-raising. To place a bounty on the export of wheat for the purpose of encouraging wheat-culture in a country of deficient food-supply is a very different matter from putting a bounty on all agricultural exports in a country whose agricultural products are greatly in excess of home consumption. To argue for an export bounty on agricultural products in the United States on such conditions because England gave a bounty under reverse conditions, is as absurd as advocating free trade in the United States when we cannot compete with England because England adopted free trade under exactly reverse conditions, viz., when and because she could compete with foreign countries by the superiority of her machinery and the lower rate of her wages.

In fact, a bounty on agricultural exports is simply tapping the Treasury to increase the uneconomic—because unprofitable—raising of products which are already greatly in excess of our needs. We are unable to see economic, political, or National justification for such a policy. It is not affording protection to the development or diversification of any line of industry, but is simply raiding the public treasury to make up the losses for unnecessary and uneconomic production.

Negro Mortality.

CHAPLAIN T. G. STEWARD,

25th U. S. Infantry, Fort Missoula, Mont.

Every now and then we hear a great wail from Southern writers about negro shiftlessness and mortality. The two latest utterances of importance of this sort have been given out by Dr. De Saussene, of Charleston, and by the Rev. Dr. Hoss, edi-

tor of the *Christian Advocate* of the M. E. Church South. Dr. De Saussene says the negro deaths in the city of Charleston exceed the births in the ratio of three to two; and that in Savannah and New Orleans the death-rate is even greater. The question is even raised, whether the negroes can live in towns. Dr. De Saussene explains this alarming death-rate, "By the negro tendency toward immorality and vice, and the disposition to consumption which is carrying them off by the thousands." The Rev. Dr. Hoss explains it by, "Poor food, poor houses, and ill conditions of living generally." Dr. De Saussene, however, admits that there is but little difference in the death-rate of the whites and blacks in the country districts.

Here, then, we have one side of a picture, and it amounts to this: The negroes are submerged in poverty and vice, and as a consequence, are rapidly dying off—and dying especially by consumption. Here is the social, moral and sanitary problem confronting the cities of Charleston, Savannah and New Orleans, as also other southern cities. It is a problem especially addressing itself to the minister and the physician.

To assist them in the solution of it, I will offer them a little testimony. That negroes can live in cities is abundantly proven. But I will present one striking case. The city of Port au Prince, Hayti, is certainly not more favorably situated than Charleston. I was there in '73, and its population was then less than 30,000; and here is what is said of it now. Hon. Henry M. Smythe says of himself, "I am a southern Bourbon;" hence, his testimony ought to pass in South Carolina or Georgia, and he says: "Port au Prince is a fine city of 60,000 people, and I venture to say that in the intelligence, wealth and refinement of its population it will compare favorably with any place of its size in this country." The negro population has not only held its own, but has doubled itself in twenty years in that city. Hence, it is plain that it is not merely the city that kills.

Let us look at another fact. It is admitted that the mere number of homes is an important element in determining the tendencies of a people. Now, by the census of 1890, homes among the whites are as 1 to 4.9 of the population; and among the blacks as 1 to 4.8 of the population. In the occupation of homes there is an almost exact similarity. But the homes of the blacks were vastly inferior to those of the whites. They

were, as Dr. Hoss says, "poor houses," and furnished "ill conditions of living generally." How do we account for this great difference in condition? Plainly in this way: the whites inherit the results of ages of freedom; the negroes are trying to throw off the heritage of slavery, and have had but thirty years in which to do it.

Again, 88.58 per cent. of the homes owned by negroes are held without incumbrance. The colored people started with nothing and are kept quite rigidly to a cash system; they must pay as they go, while all around them others obtain large and long credits. The colored people of the country in 1890 owned 234,747 homes free from debt, mostly in the late slave States. Will the reader just sit down and reflect over this fact and ask himself, how have these people been able to feed and clothe themselves, to pay doctors' bills and bury their dead, and yet pay for these homes?

Oh, it is said, they have received abundant help from the North. They have—thank God for it—and to the northern people who have helped them they are ever grateful; but this help has come in the way of schools almost altogether. The North has done marvels for them in the way of instruction, and it is because of this superior instruction that they have advanced so rapidly. But something must be credited to the industry and thrift of the negro himself. His hands have earned the money to pay for the homes and the funerals—funerals that might in many cases have been postponed.

Now, the doctor says, that the enormous death-rate among colored children in the cities is to be attributed to the negro tendency to immorality and vice. If the doctor would strike out negro and insert slave he would then be nearer the truth, but it would not be the whole truth. The same law that prevents children being born in some cities, puts them to death among the colored people of Charleston and Savannah. More intelligent people look out on their surroundings and say—the child cannot live; it shall not be born. The poor colored people have either too much conscience or too little knowledge to do this, and as a consequence more than half of their babes die before they have completed their first year. To my mind this isolated fact does not furnish proof of immorality; but it does furnish proof of a severe condition. Infants cannot

live without care, and care cannot be had where extreme poverty is the rule. Again, the doctor says consumption is "carrying them off by the thousands." But why should consumption be allowed to sweep such cities as Charleston and Savannah? These things do not prevail in Port au Prince, where enlightened negro physicians control the sanitation; why should they prevail in Charleston and Savannah, where white men have charge?

The southern ex-slave has made the most marked progress, and his physique is all right. The contingent he furnishes the army and navy is fully up to the standard, and in the great schools of the country he holds his own. The highest average ever taken in Pennsylvania by a physician was taken the other day by young Dr. Abele, a negro. The American negro will not die out. He will soon be fixed so that he can look after his own health.

Broader Trade Unionism.

It is gratifying to observe a growing disposition among all classes to recognize the fact that trade unions are not a social excrescence to be eliminated, but a social institution to be utilized and broadened. As we have often remarked, they came into existence chiefly as representing the clinched fists of workingmen. For a long time they were used exclusively as an instrument of industrial warfare against employers; but in their persistent struggle, they have established two things. (1) That they cannot be exterminated. (2) That they are capable of intellectual, social and moral expansion.

It is in the sphere of their social influence that the future usefulness of Trade Unions is to be developed. With the growth of modern ideas in economics, this fact becomes clearer as the months go by. The doctrine that wages are not governed by the arbitrary decision of the employer or by the mere supply and demand of laborers, but, that in the long run they are adjusted to the social standard of living of the laboring classes, makes it evident that the wage-raising power of the trade unions must be more and more in the direction of their social and moral actions. Their influence upon the social and moral character of their members is a greater wage-increasing force than their contribution to the strike fund, because it is this

broadening and raising of the social life, tastes, habits and desires of the laborers that forms the real granite foundation of all demands for higher wages and better industrial and social conditions.

We hail every well-considered public utterance in favor of broadening the influence of trade unions in the direction of social and moral functions as a real contribution to the solution of this vexed feature of the labor problem. It is especially gratifying to see that this view is beginning to find expression by English writers, as is shown by the following article by Matthew Stobart, entitled: "A New Trade Unionism," which we reprint from the *Westminster Review* for January.

Trade Unionism is now one of the most potent forces in our national life. It has triumphed over prejudice, from which it had more to fear than open and active opposition. And if it appears to jeopardize its position by precipitating disastrous conflicts between capital and labor, there is reason to hope that these repeated contests will in the end bring about a peaceable means of adjusting the claims of the one and the other. As it is, strife is more easily averted, and disputes more readily settled, now that the deputed representatives of masters and men can meet and discuss the details of differences, than when labor was unorganized. Though strikes are still regarded as the toilers' chief weapon of offence and defence, conference and conciliation have to a hopeful extent taken the place of guerilla warfare, by which nothing was gained and much was lost. Combination has raised the dignity of labor, which has now its representatives on all local bodies and in the Imperial Parliament. Obscure workmen "by force have made their merit known." What then remains to be achieved? Has trade unionism to continue on the old lines—forcing by powerful associations an advance in wages; resisting reduction by the same method; struggling for shorter hours by organized effort or legal enactment; contending for better conditions of service; restraining encroachments on men's liberty; resenting oppression in any form? Is this all? Has it no other, no higher mission? Is "universal happiness to be founded on economic measures"?

The last six years have been productive of labor leaders—new unionists with capable courage, who have put fresh life

into the labor movement—daringly aggressive, bold in their conceptions, and vigorous in their advocacy of the policy they have initiated. But a newer unionism is needed. It has yet to be brought home to the mass of the people that the labor question is a moral question. And the newer unionism must be a moral force. Men who are powerful in trade organizations have condemned in unmistakable, unequivocal language drunkenness, gambling, and kindred evils, which drag their victims down to the depths of poverty and chain them there, which destroy their manhood, impair their intellects, canker their minds, and wreck their bodies. It is well that they do this. They are themselves examples of sobriety and good living. But still something is wanting. The trade unionism of the future must be made a moral elevator. It must deal with the men themselves, as well as with their wages and the duration of their weekly toil. It must aid in building up character, as well as in uniting men in gigantic combinations. It is as necessary that the moral conduct of workmen should be regulated as their earnings. To make individuals better is to improve the societies of which they are members. Higher wages and shorter hours are worth striving for if, when obtained, the one is used to provide better food, more comfortable homes, and, where possible, to put by something for the dark days of sickness or periods of enforced idleness; and the other spent in healthy recreation, self-improvement, or the performance of social duties. But in how many cases do larger earnings and greater leisure mean so much more money to drink or gamble, and so much more time to spend in ways that tend to debase and degrade rather than to elevate and refine? Drunkenness, gambling, and swearing. Alderman Tillett has said, are among the greatest hindrances to the progress of trade unionism. Then why not seek to remove those hindrances by trade union effort? It is true the voice of the moral reformer is heard in the land, but too often it is unheard or unheeded by the classes it is most desirable to reach. What is needed in their case is a restraining force, which at the same time might be used as a lever to lift them out of the slough into which they have fallen—in which they may have been born—or in the direction of which they are tending. Hitherto the difficulty has been to reach those whose general conduct and

mode of life it is most necessary to improve. In trade unionism there is a means ready to hand; organizations which most closely touch all grades of workmen, who have voluntarily entered into association for mutual protection and the attainment of what they conceive to be the rights of labor.

But how can this reform be brought about? Is not the moral conduct of individuals beyond the jurisdiction of trade societies? Would the men themselves not resist what might be called a beneficent despotism? And where would be found a leader who would imperil his position, popularity, and influence by endeavoring to extend the scope of trade unionism by including in its operations the saving of men from vices or weaknesses—call them by what name you will—and insisting that their conduct shall be upright, their dealings honest, and their families properly cared for? It may be argued that to attempt to add a new chapter of this kind to the gospel of trade unionism would be to wreck the movement which has been the outcome of long years of arduous toil and terrible struggle, in which thousands have suffered, starved, for the “good of the cause,” and the maintenance of a principle. Nothing of the kind. Its first result would be to add to the dignity of the associated workers. Men who spend their money in drink, who lose it by betting, and neglect their homes are no credit to trade unionism. The passion for gambling has come to be all-absorbing among large numbers of workmen in nearly all our great towns. It is almost invariably associated with the public-house. Wages are frittered away, and there is destitution at home. I have known men, who could earn from £5 to £7 a week, living with their families in one or two miserable rooms, in which there was not ten shillings’ worth of furniture; the children in rags and half-starved, sometimes sent out to beg for food. Ought trade unions to have no controlling power over members who so misconduct themselves, who bring discredit on their class, who fail to perform the most elementary duties of citizenship, who, though they boast of being wealth-producers, are the worst of wage-wasters?

The question is, then, Is it possible for societies organized for trade purposes to play a practical part in the moral regeneration of individuals? Let us see what has been done in this direction, and then we will be better able to reply to the in-

quiry. The United Society of Boilermakers and Iron Ship-builders is one of the largest, most powerful, most exclusive, and best conducted trade unions in the world. It was instituted in 1834. Mr. Robert Knight, J. P., of Newcastle-upon-Tyne, has been its general secretary for twenty-four years, and to him more than any other man it owes its influence and strength. Under its rules the Executive Council have most extraordinary powers in dealing with members who violate contracts, leave debts unpaid, desert their wives and families, &c. Section 1. of Rule 42 reads :

"If any member be guilty of fraud or any other disgraceful conduct, or follow any evil, wicked, or notorious practice contrary to law, or use any unlawful means in procuring a livelihood, if proof be made thereof, his branch or the Executive Council shall have the power to fine him any sum not exceeding £5, or expel him. Any member being convicted of dishonest practices by a court of justice, shall be summoned before the committee of the branch to which he belongs, and shall be liable to exclusion, or such suspension as they may feel justified in inflicting ; but no member shall be excluded before he has been summoned before the committee."

Though violation of this rule places an offender under ban, he is not hopelessly cut off from his associates. After having expiated his transgression and proved to the satisfaction of the Executive Council that he has "redeemed his character," he may in course of time be re-admitted to the benefits of membership, being allowed to work with non-union men for two years, contributing at the same time a third-class member's contributions. A report, in pamphlet form, usually containing about thirty pages of printed matter, is issued from headquarters of the society at the end of every month. In this the general secretary makes a statement on the condition of trade, district committees furnish details as to the work in hand or in prospect, changes in the society are noted, and then at the end a page or so is devoted to personal matters, delinquents are "brought to book," appeals made, and penalties threatened in default of compliance with the imperious commands of the Executive. In every case, names, registered numbers, and full descriptions of the members alluded to are given. The following examples, selected at random from two or three reports,

will indicate sufficiently the degree of moral compulsion that is exercised :

"M. J——, Registered No. —, must send support to his wife and child at once, as this is a heartless case."

"J. K—— must pay the debt he owes Mrs. J—— for board and lodging at South Shields at once, or he will get into trouble. He is about Barrow."

"J. D——, plater, must at once pay his helpers at ——, or he will be expelled."

"J. M——, No. —, late of ——, must send support to his wife and family at once, or he will be expelled. Also R. W——, plater, who is supposed to be about ——."

"A. H——, Registered No. —, and M. R——, Registered No. —, are fined five shillings each for creating a disturbance at ——. They have their travelling cards out."

"S. L—— must pay the debt of £10 he owes a poor widow at Elland."

"If J. C——, caulker, does not pay the debt he owes at ——, he will be expelled next month, as this is a heartless case."

"The clearance card or address of B. T—— is wanted at —— for fraud, he having drawn all the wages due to his mate and helpers and decamped. He is about 5 feet 6 or 7 inches in height, sandy complexion, with heavy moustache, and a plausible talker. He is well known about —— and the North. He is reported to have gone to ——. We hope our members will give him the cold shoulder, as he is a low, mean scoundrel, and his many acts of dishonesty will surely overtake him."

It will be seen from these extracts that for a variety of offences members are "put through the report," to quote a phrase used by the Boilermakers themselves. Failure to comply with the conditions imposed by the Executive invariably ends in expulsion from the society—a most serious matter, for it is difficult to obtain employment in the trade if a man be a non-unionist. The pronouncements of the council have all the force of law. In some cases it is even stipulated how much a member shall contribute to the support of his wife and family, and it may be a larger sum than would be awarded by a bench of magistrates in a case of judicial separation. But this trade

union also safeguards the interests of employers. A case in proof. In a well-known shipyard on the North-East Coast, three members of the Boilermakers' society entered into a contract to do a certain amount of plating. Their work was but half done when, in their own language, they "went on the spree." The manager was compelled to engage other men to finish the job, and the firm was put to some inconvenience and additional expense. Complaint was made to the Executive Council of the Boilermakers' Society, who asked to be informed of the outlay occasioned over and above the contract price. This was ascertained to be £10, and the Council promptly sent the firm a check for that amount. The next act of the Executive was to notify, in the monthly report, that these three men who had failed to complete their contract had to send £3 10s. each to the head office, the alternative being expulsion from the society. The money was paid.

Another case of a different kind. At a large marine engineering establishment a number of boilermakers undertook to do a certain amount of repair work at a price mutually agreed upon. In a short time, however, without obtaining the sanction of the Executive, they demanded an advance of so much per week, which was refused, whereupon they went out on strike. The usual notice was not given, and, as the repairs had to be executed with all possible haste, the men thought the firm would be compelled to accede to their demand. But the manager simply sent a telegram to the general secretary of the Society of Boilermakers and Iron and Steel Shipbuilders, and Mr. Knight replied, instructing him to give the discontented workmen the additional remuneration, and the Executive would refund to the firm the extra expenditure incurred. So the men's wages were advanced, they started work, the job was finished, the Boilermakers' Society sent the firm a check to meet the outlay occasioned by the breach of faith on the part of the men, and then recovered the money from the offending workmen themselves. Cases of this kind could be multiplied, but those quoted are sufficient to show that, instead of trade unionism being necessarily antagonistic to employers, it may be conducted in a manner that in reality promotes their interests, and establishes that confidence between masters and men which alas! is somewhat rare, but which is most desirable in

the administration of large concerns, wherein the least friction may entail serious loss. Though neglect of work may not, perhaps, be generally charged against members of the Boilermakers' Society, when it is reported the district committees and branches are instructed to deal sharply with offenders, recognizing, as Mr. Knight says, that "nothing can be more irritating to employers than to have work at a standstill while the men who ought to be doing it are spending their time and money in the public-house, to the injury of themselves and those who may have the misfortune to be dependent upon them."

It is possible, then, to introduce into the government of trade societies a system which shall to some extent regulate the moral conduct of members, develop a sense of individual responsibility, help to make them men as well as unionists, restrain them from vicious practices, and impel them to well-doing and fair dealing. If this can, in however small a measure, be done in the case of the United Society of Boilermakers and Iron and Steel Shipbuilders, no good reason can be adduced why it should not at least be attempted in other trade unions. To argue that to try to reform or to elevate the individual would be to weaken trade societies—to cause the withdrawal of members, to deter others from joining the ranks of organized labor—is to assume that the bad predominates among workmen. Good, honest, right-thinking men can have no objection to an effort being made to raise the moral as well as the social standing of their class. The boasted liberty of the subject—that fiction which is the refuge of so many who consider neither their own true welfare nor the good of others—it may be contended, would be endangered. It sounds well, that phrase, the "liberty of the subject," but, after all, trade-unionists allow little freedom of action, and, if many of them could get their own way, free will would be still further curtailed. In the beginning thousands of workmen become members of trade unions, not from choice, but under compulsion. In some trades it is difficult for a non-unionist to obtain employment; he is practically excluded from Society shops, not because he is an incapable artisan, but because he has not enrolled himself under the banner of trade-unionism. Then the members of some trade societies are not permitted to accept less than the stand-

ard wage which has been set up in a district. They may be out of employment and in a state bordering upon starvation, but their society decrees that they shall not work except under conditions which it has established. A majority may declare in favor of a strike—it may be on a question of principle, or out of sheer wrongheadedness—and the minority—whose attitude is not due to a feeling of timidity, but to a proper appreciation of the situation and a sense of their own moral responsibility—are forced into idleness, against which they have protested, which to them may mean the most pitiable poverty or the sacrifice of the savings of a lifetime, which may seriously cripple the society that they have helped to build up and strengthen, and which may bring industrial depression in its train. But the majority rules, and those who form the minority are not permitted to do work which they are willing and anxious to do. There is no such thing as liberty—absolute freedom of action—in trade unionism. If there were it would cease to exist.

One of the first steps in the direction of making trade unionism a moral force would be to remove lodge-meetings from public-houses. This could easily be enforced by rule. A landlord may allow the free use of a room for lodge purposes, but many members who are not abstainers consider themselves under an obligation to spend something "for the good of the house." The weak are tempted to over-indulgence, and bad habits are contracted. Teetotallers would prefer not to meet on licensed premises; indirectly they are contributing to support a traffic to which they object, which, it may be, they abhor. There are few towns nowadays in which rooms might not be obtained for the transaction of trade union business, apart from the associations and allurements of the long bar and the snug. And in populous centres why should there not be trades-halls?—buildings which might be shared by various labor societies, habitations in connection with which there might be reading and recreation rooms, and classes for educational advancement. In some trade organizations it is customary for so much in the pound on the amount received in members' contributions to be "spent for the good of the house." It was so in the Boilermakers' Society when Mr. Knight was appointed general secretary, one shilling of every pound received being expended in the purchase of liquor in return for the landlord's

courtesy in providing accommodation; but an alteration of the rules was secured by which the money that had hitherto been spent on drink was to be devoted to the formation of a fund for the relief of cases of distress and the benefit of widows and orphans of deceased members. The fund thus established has grown to such dimensions that as much as £3000 has been distributed in a single year among poor people. It is also stipulated that no intoxicating drink shall be allowed at any society meeting; but even this wise provision does not destroy the temptation which attendance at a public house places in the way of weak brethren. If lodge meetings were held on premises where alcoholic stimulants are not sold, many members would be richer in pocket, in health, and character. A greater amount of poverty is the product of drinking and gambling than of small wages. To the mind of the ordinary workmen the chief aim of trade unionism is to increase wages and, at least, to maintain concessions that have been fought for and won, the idea being: the higher the wages, the greater the comfort of the wage-earner. But it too often happens that there is wretchedness and poverty in the homes of men whose rate of remuneration reaches the highest standard; while, on the other hand, well-conducted, thrifty folks have cosy homes, although their income may be small, and their means of adding to it limited by circumstances which they had nothing to do in creating. In one of his reports to the Boilermakers and Shipbuilders, Mr. Knight says: "As one deeply interested in everything that tends to your well-being, permit me to remind you that the objects of our association are not limited to the question of wages, or to the distribution of financial benefits; they extend to all questions which affect our present and future happiness. I fully admit that one of the objects of our society is to secure adequate wages for our members, but it is quite possible for a good wage to become a curse, and not a blessing. What is wanted is for every workingman to have a well-regulated home—that should receive his greatest attention." This idea might form the basis upon which the Newer Unionism might be built. It is time to recognise the fact that the salvation of the workers will never be accomplished merely by the raising of wages and the shortening of hours. The lives of men who have to earn their bread by the sweat of their

brow are often blighted by other things than the rapacity of capitalists. Let trade unionism be made the bond of character, and it will become a greater power than it can ever be by simply waging war against employers. Its fighting strength would not, however, be diminished; for its moral force would be increased.

In the Country of Dollars.*

For the last two or three years strikes have occurred very frequently in the United States, and some of these,—like those in Chicago in 1894 and in Brooklyn at the beginning of the present year,—have attained menacing proportions, and are attracting general attention to the condition of work people in America. Particularly in the New World, where the currents of public opinion are formed and disappear with a rapidity which is one of the national characteristics. The tenement house question and the complex problems attached to it seem destined to displace for the moment the crusade against intemperance and the no less epic campaign against the shadowy practices of the New York police.

It should be noted that in the United States and especially in New York, the labor problem is in a sense an international problem, the census of 1890 giving the population of the Metropolis as follows:—

Germans.....	403,784
Irish.....	399,348
Americans by birth.....	334,725
Russians and Poles.....	80,235
Italians.....	54,334
Negroes.....	25,674
French.....	16,239
Hungarians.....	15,555
Bohemians.....	12,287
Various.....	61,835
Nationality not known.....	111,285
Total.....	1,515,301

Those who are Americans by birth, even if the Negroes are added, are far from constituting a majority in this truly cosmo-

* By George-Nestler Trichoche, *Journal des Economistes*, July, 1895. Paris: Librairie Guillaumin & Cie. [Translated by Prof. A. B. Woodford.]

politan city. Moreover, a glance at the maps so carefully prepared by the Tenement House Committee of 1894 shows that the Americans dwell mainly in the central and northern portions of the city, while the southern quarters, where the poorer laboring classes are congregated, are almost exclusively inhabited by foreigners.

Tenement House. Definition.—In the broadest acceptance of the term, the word tenement indicates a house in which more than three families live independently of each other "cooking their food in the same house," or a building having more than two families to each floor.

That is the legal definition. But it is plain that our study can only embrace the poorer portion of these estates, of which a characteristic trait is that of having the street door open day and night. Taken literally the laws relating to tenement houses would apply to about 44,000 buildings and affect over 70 per cent. of the population. As a matter of fact their domain covers four-fifths of this number,—quite a respectable figure.

The number of laborers' dwellings existing in the city on June 1, 1888, was.....	32,390
Number built between June 1, 1888 and August 1, 1890.....	3,730
Rear tenements (opening only on the court).....	2,630
Total.....	38,750
Cheap lodging houses.....	270
Number of laborers, 1,250,000, including 163,710 children under five years of age.	

Such, in general outline, are the conditions in which poor laborers live in New York. Let us now penetrate into details.

If one ventures into a tenement in the 11th, 13th, or 10th ward one is likely to find results like the following:—

1. Apartment of two rooms: One a sort of passageway transformed into a kitchen; the other a bedroom 10 feet square. Number of occupants 9,—husband and wife, grandmother, and six children.
Rent: \$7.50 per month.
2. Apartment of three rooms: Bedroom serving as kitchen, and two alcoves.
Number of occupants, 11,—6 adults and 5 children.
3. Apartment of two rooms.
Number of occupants, 20,—Jewish family, consisting of parents and 12 children, and 6 boarders.

4. A single room 12 feet square.
Number of occupants, 20,—5 families.
Furniture: two beds, a stove, a table, and one chair.

By virtue of a law passed in 1887, a tenement house should not cover more than 65 per cent. of the lot on which it is built, but the legal requirements are to-day nearly a dead letter, by reason of the discretionary power allowed the Building Department. In the course of their inquiry made in 1894, the Tenement House Committee discovered a block in the south-eastern part of the city, 93 per cent. of which was covered by the building, and a number varying from 80 to 86 per cent. Since the average number of floors is four and a half, it follows that in these quarters where the houses are nearly all built on the same model, each house has three floors, on the average, that are not sufficiently ventilated. Some of these blocks have a population of 2,300 persons, and the narrow space whence the greater part of the tenants are supposed to get light and air is encumbered with lines on which are drying improbable quantities of more or less odoriferous linen. Nor is it to be imagined that those comparatively privileged families living in front tenements are much better off. The streets are rarely fifty feet wide, and morning and evening they are covered with peddlers' wagons, so that the odors which rise from this place differ but little from those one breathes through the window of a rear tenement.

We shall see a little further on the wretched influence which such a state of things has upon the health of the workmen. It is conceivable, without explanation, what may be the result from the moral standpoint. But these are not the only dangers to which the population of tenement houses is exposed. Fire, terrible not so much in itself as in the panic which it occasions, is a scourge which, when it attacks these habitations, crowded from cellar to garret, takes a character particularly to be dreaded. From the first of June, 1893, to the first of June, 1894, there were 2,415 fires in tenements in New York, with a total of 15 killed and 72 wounded. An approximate estimate made at the end of the year gives 15 more mortal accidents for the second half of 1894. It is due to the ability and bravery of the Fire Brigades that these fires are not more murderous. All escape by the stairway is generally cut off, as it is by the

stairway that the fire reaches to the upper stories from the cellar or ground floor where it usually originates. Flight is possible only through the fire-escapes—narrow iron stairs on the outside and at the back of the houses; but too often these stairs and the passageways and platforms leading to them serve as a household catchall for the poorer class of tenants. The difficulties which the firemen and the occupants of the burning buildings have to overcome are still further increased by the impossibility of making the latter understand the orders and directions that their saviors give, so many of them are foreigners. It is unnecessary to add that the tenement-house population are too poor to insure their household goods, and that a fire means complete destitution for them.

In his "American Notes," Dickens speaks in indignant terms of these tenement houses, "whose name is borrowed from the vocabulary of thieving and murder." "Debauchery," says he, "has made this property prematurely old and decrepit. Here where dogs refuse to sleep, men, women and children come to seek refuge." It is sad to state that these laborers' dwellings are for the most part the property of rich landlords who live in the elegant quarters of New York, and the statistics of the Health Department for 1889 show that a goodly number of these proprietors live in Europe. They confide their interests to the hands of agents with instructions which may be summed up in two words: collect the rents and make no repairs. This system is productive, for the rents are quite out of proportion to the value of the apartments. For example, a suite of three front rooms in one of the most abominable tenements in New York—and one might say, in the world—costs \$10.00 a month; two back rooms, \$9.00 a month; a garret, from \$3.75 to \$5.00 a month.

Density of Population in Tenement House Districts.—To understand the explanations which follow it is necessary to remember that what is properly called New York city is situated on Manhattan Island, between the Bay, Hudson River, and the East River, and has nearly the shape of a child's stocking. Following this comparison, we may add that the business section is in the toe and instep, and the laborer's quarter is in the heel. When the business day is ended, the elevated railroads, the horse-car and cable lines, and the ferryboats carry uptown, or to Brooklyn, or

to Jersey City, all laborers and employees who earn enough to pay their fares twice each day. When evening comes, there remain down-town hardly any one except the night watchmen in the business blocks and the poorer laborers, crowded together in the tenement-house districts. The peculiar configuration of the city prevents its development in any direction, save up-town where land is at a premium and where consequently there is no room for the proletariat, except in the more distant wards which are some twelve or fifteen miles from the business center. Like poor people who come from the country to seek work in town, immigrants, on their arrival, can find lodging only in the tenement-house district in the southeast or along the water fronts of the Hudson and the East rivers. This explains the density of population in the city proper, leaving out the suburban quarters. New York, from Harlem to the Battery, has an average of 143.2 inhabitants to the acre. This number is not equalled by any other city in the civilized world. Paris occupies the second place, with 125.2, and Berlin the third, with 113.6.

A portion of the Eleventh Ward has 24.6 inhabitants per 100 square metres, the greatest average density of any city or portion of a city.

The most densely populated spot in Europe is Josephtown, Prague, with 626.26 inhabitants per acre, or 15.6 per 100 square metres.

The greatest known density (next to that in New York), is in Bombay, where a district has 760 inhabitants for each of its 46 acres, or 18.9 per 100 square metres.

In the Tenth Ward, where the average density is higher, there was a population of 276.672 per square mile in 1880; this number has now risen to 334.080.

New York also occupies first rank in the proportion of population to buildings, the average being 16.37. These figures are eloquent. There is not in New York, however, the greatest density of population per room. The palm in that particular seems to belong to Glasgow, where 18 per cent. of the people have but one room for the family. It is nevertheless true that nowhere else on the terrestrial globe are human beings placed in such miserable conditions as regards ventilation, light, chances of fire and nature of odors rising from rear courts, as are

those unfortunate beings who pass their lives down-town in New York in those old bourgeois houses which have been transformed into tenements; "double deckers," they are called. These buildings usually stand on a lot 25 feet by 100, and are so arranged as to accommodate four families on each floor. The owners have accomplished this feat by gradually encroaching on the space formerly free between the wings of the house; that is why, as stated above, 85 to 90 per cent. of a lot is to-day often covered with buildings. A portion of the remaining 15 or 10 per cent. is occupied by the base of the stairway in the center of the building and by the bit of air which the laws exact in the middle of each side wall. It is thus plain that not much space remains between two tenements in the same block.

As Henry George has so justly remarked in *Progress and Poverty*, until recently it has been an article of faith among Americans, and one which is shared by a great many European liberals, that the poverty of the lower social strata of the old world has its origin in the monarchical institutions and aristocratic principles in vogue; the disillusion was sudden when the pitiable conditions common among poor laborers in the American metropolis were revealed to the public.

It is not an exaggeration to say that at least three-fourths of the people of New York live in tenement houses; and as a consequence of the peculiar configuration of the city, the attraction which the metropolis has for immigrants, the practical monopoly which land speculators have organized in the building of suburbs, etc., it is difficult to put in practice any remedies for the actual state of things, if not to indicate them. It is a complex evil against which one cannot struggle with any great degree of success by employing the means used in the cities of the old world where poverty has attained the highest proportions. In London, for instance, it is an evil entirely *sui generis*, and one which is not met in Europe, because the principal factors—rapid growth, movement of business houses and immigration—exist only in the new world. Hence we were not surprised to learn recently that the tenement house problem was beginning to be agitated in a city of South America, Buenos Ayres, on a smaller scale than in New York, no doubt, but under analogous conditions.

Sanitary condition of the tenement districts.—Despite the con-

siderable difference between winter and summer, the climate of New York cannot be regarded as unhealthful for the part of the population which lives under normal conditions. Indeed, the situation of the city ought to make the lower portion at least one of the most healthful localities in the world.

Besides, it is not possible to prove that the poorer laborers in New York are more regardless of hygienic rules than those of other large cities. The unfortunate dwellers in Whitechapel or Josephstown, the ragpickers of Saint Marguerite street, Paris, or Cherry Hill, New York, are almost identical in their ways of living. Everywhere one finds bedroom floors which are damper and dirtier, and which give off more deleterious miasmas than even the soil of the street; everywhere one meets whole families who do not wash themselves the whole winter through; everywhere are to be seen households in which the soup is cooked in the same pot as that in which the clothes are washed.

It is not here that is to be found the cause of the deplorable sanitary condition of the tenement districts of New York. The evil is in the tenement itself. The committee of 1894 has made this plain in the report which has been graciously placed at our disposal by Mr. R. W. Gilder, the president of the Investigating Commission: "It is a well known fact that dwelling houses at length become saturated with the emanations from the bodies of those who, sick or well, have lived within their walls, and that after several years, they are far from offering the same healthful conditions as those recently built. . . ." This state of things is particularly grave in New York because of the rapidity with which the nature of the downtown population has changed, and the fact that houses built to serve as private residences are not in the least adapted to the requirements of tenements, either in the matter of light, ventilation, water supply or facilities for cleanliness.

The bourgeois houses which are here referred to and which to-day form the larger part of the double deckers, date from early in the century. When it became fashionable to move up-town, the owners generally rented these houses to people who turned them into boarding-houses for the accommodation of poorly paid employees who were obliged to live near their places of business. Soon these followed the current toward

the central quarter, where the theatres, clubs and squares are found. The downtown boarding-houses underwent a second change and became merely lodging-places for workmen. The owners absolutely refuse to make the slightest repairs, as they insist that these buildings have lost their value and must soon disappear. They content themselves with maintaining very high rents, having these collected by energetic, and above all inflexible agents, and letting the tenement house become what has properly been called a culture-bed of disease.

The following table gives the mortality per 1,000 inhabitants in two of the worst tenement districts, for the year 1888.

	5 YEARS OF AGE AND UNDER.	ABOVE FIVE YEARS.	TOTAL.
Baxter Street,	146.02	13.56	32.24
Mulberry Street,	136.70	15.78	38.05

During the last cholera epidemic the proportion reached 195 per 1000. How could it be otherwise when the dwellings are not separated from each other by courts more than a foot wide, are covered with filth, and form the only opening for the rear tenement air-holes?

The unhealthful character of the latter is clearly shown by a comparison of the mortality in the front and rear tenements.

WARDS. LABORERS' QUARTERS.	MORTALITY PER 1000. ORDINARY HOUSES.	MORTALITY PER 1000 REAR TENEMENTS.
13	20.76	25.75
17	22.82	27.68
4	31.74	38.47
7	21.66	28.73
9	25.86	34.55
1	29.03	61.97

Mortality per 1000 among children under 5 years of age.

WARDS.	ORDINARY HOUSES.	REAR TENEMENTS.
13	62.04	78.36
17	83.05	100.59
4	105.69	114.68
7	61.78	72.58
9	92.98	130.56
1	109.58	208.54

Rear tenements have been defined by some one as the slaughter-houses for infants. The expression is a strong one, but it characterizes the situation in a word, as the above table

shows. It is in the rear tenements that 50 per cent. of the children die before they are a year old.

In the case of immigrants, the high death-rate is due in part to the deplorable conditions in which they are placed while they are becoming acclimated, and in part to the fact that they are too ignorant or negligent of the local rules of living. Italians, for instance, among whom the death-rate is very high, persist in living in midwinter as if they were in Naples or Palermo.

The principle that the death-rate is in proportion to density of population is subject to certain notable exceptions. Thus, in the Tenth Ward the figure is much lower than it would be right to expect. It can only be accounted for by the preponderance of the Hebrew element. Jews, especially when they live in communities, blindly obey the sanitary regulations of the Talmud; notably, they abstain from the use of strong liquors and attach great importance to the cooking of food—a most important point in the destruction of deleterious germs.

Nevertheless, it is evident that the sanitary situation in New York, where the poorer laborers live, is truly lamentable. The Board of Health is powerless, in spite of its good intentions, to conquer the evil. The personnel at its disposal is too limited, including only twenty inspectors and a squad of police.

But the tenement houses are not murderous for the laboring classes only; they are truly dangerous to the entire metropolis. The principal occupation of the inhabitants of these miserable districts is making, at home, the various articles of wearing apparel sold in the general stores. Hence one can easily imagine the fright into which the people of New York were thrown by the news that a child which had smallpox had been discovered in a tenement, stretched on a bundle of clothes they had just made which were ready to be sent to a Broadway dealer; or when, as was recently the case, a man with typhoid was found sleeping in a room where a hundred ready-made overcoats had been lying for a week.

Editorial Crucible.

The International Yacht Race between the chosen representative boat of the Royal Yacht Squadron of Great Britain and the appointed champion of the New York Yacht Club has ended. The Earl of Dunraven, instead of winning the cup, has lost his temper in a manner which indicates that he could not be polite under defeat. No person was probably better satisfied than Lord Dunraven at the end of the first race that his boat Valkyrie III. was outclassed by the Defender. The difference in their respective performances was too great to give any hope that any repetition of the encounter would change the result.

There was a motive on Dunraven's part for bringing the two boats into a collision and claiming a "foul," which affords an extreme temptation to believe that the "foul" was courted and welcomed, if not intended, viz.: that it was only through a collision and a disabling that the Valkyrie could hope to win. When, thus crippled, the Defender lacked, in the second race, only 46 seconds of a victory, the moral certainty of a victory in the third became so great that it was substantially an idle form to sail it.

In view of this fact the entry on the third race, with sails not set for racing, distinctly negatives any pretence that failure to sail the third race was due to crowding on the part of the excursionist steamers. Such crowding could only apply to the two previous races, and each of these was determined by its own facts, into which crowding by the excursionist steamers did not enter.

The fact is that in no contest does John Bull take a beating with a good grace. When the Alabama Claims tribunal made its award, and again when the Alaska arbitration closed, the representatives of Great Britain could not wait to hear the whole of the decision, but left in a huff. John Bull is no courtier. In his view victory is always due to J. B., in whatever contest, for the simple reason that England is civilization. That, he thinks, ought to be plain to most men.

After registering a deficit every month for two years, the Treasury, it is claimed, will probably record a small surplus of

revenue over expenditures for the month of September. To the 26th the receipts are \$23,539,844.36, and the disbursements are \$23,427,100. Without waiting to see whether there will be any surplus or not, the "Herald" and other tariff-for-deficit organs shout pæans of triumph. In view of the fact that September is the month of most active importations for the fall trade, and that the goods imported in that month are of a kind adapted for sale in the three ensuing months, the possible surplus of \$112,744.36 is a precarious affair. Who knows but a bill for carpets and cuspidores against the White House may come in before the first of November? Or Queen Liliuokalani may demand indemnity for having stood out on a promise that she should be restored to her throne and didn't get it. If so, exit surplus.

Some of our English contemporaries are as keen in the invention of conspiracies, monopolies and corners as any of the American. The latest discovery of these worthies is that an English syndicate is at work raising the price of camphor by five cents a pound, very much as the cotton syndicates raised the price of that staple during the American war between the cotton-producing States and the government. This discovery, considered as a disease, can easily be cured by referring to an Encyclopædia (Britannica), wherein we find that "the greater part of the camphor of commerce is obtained by distillation from the wood of a tree, *Camphora Officinarum*, belonging to the natural order *Lauracæ*. It is produced most largely in the Island of Formosa, the area of production being a narrow belt of debatable land separating the Chinese settlement from the territory held by the original inhabitants of the island. The preparation of the product is attended with considerable danger, owing to the mutual jealousies and encroachments of the natives and the Chinese." As it is in just this narrow strip of debatable land that the Japanese troops are now carrying on a far more stoutly-resisted warfare against the native Formosan aborigines than they were compelled to conduct against China, it is easy to see that the supply of camphor is certain to be as largely cut off as the supply of cotton in Lancashire was in 1862-5, by the war between the States, or as the supply of quinine was by the wars of Chili, Peru and Bolivia. Where supe-

rior events like wars must inevitably cut off production of a special commodity, any syndicate or corner which is swift to raise the price of that commodity by buying it against the period of scarcity, performs the same valuable service to the world which Joseph induced the Pharaoh to perform for Egypt, by buying up corn in the abundant years, to hold against the years of scarcity. By so doing the syndicate would lessen the amount of the rise, cause a more economic use of the article, and thus make the actual supply go farther, cost less, and preserve a more even price to all consumers.

When Tammany Hall and Senator Hill, Sheehan, Croker & Co., had full power in the State, they passed the present excise law though with no intent or expectation that it would ever be enforced in New York City. It was supposed by the Tammany leaders that its mere enactment would satisfy the rural districts and its complete non-enforcement would satisfy the brewers, distillers, saloons, "bums" and blackmail-levying police of New York.

Senator Hill in his great stage success of "facing both ways" was to read to the farmers of the country districts the clauses forbidding the sale of liquors on Sunday, and was to ask them triumphantly if they did not owe the blessings of the quiet American Sabbath to the Democratic party.

Then he was to "wink the other eye" to the New York brewers and distillers and demand to know if the Democratic party had not left every Sunday drinker in New York City his "personal liberty."

When Dr. Parkhurst says, therefore, that he favors giving the people of New York City local option as to their Sunday law, does he mean that they should have this option as to its enactment or as to its enforcement?

The latter is the only form of local option which will serve the ends of Hill, Croker, Tammany Hall and the brewers. The law is Tammany law. Tammany passed it. It is only its enforcement that is reform politics. If Dr. Parkhurst will suggest a form of local option which will enable Tammany to vote "aye" on its enactment and "No" on its enforcement he will just hit the mark. But the Doctor is not that kind of a man. He says he does not care so much what kind of a law is enacted, as that

whatever law does exist should be enforced. Now Tammany and Hill also do not care what kind of a law is enacted so long as it is not enforced. The kind of local option they want is really an option as to whether rogues or honest administrators shall administer the excise laws in New York City. That form of local option we already have, and we exercise it at every election. That seems to be the only kind that can bear on the difficulty that troubles Tammany Hall.

Ten days before the period at which the bond syndicate's contract closes, it has divided its profits, and resolved itself again into a company of private brokers ready to export all the gold it can draw from the treasury.

The syndicate took \$62,315,000 of 4 per cent. bonds at 104.49 at a time when such bonds were worth 118, and sold these bonds to the public at from 117 to 123½. The profit before a bond had left the hands of the syndicate was \$8,418,757, after which came a further profit of \$4,052,770 in closing out these bonds to investors. Only half the quantity of gold agreed to be imported was in fact imported, and instead of the importation of the remaining half called for by the contract, the government was influenced to accept a system of financing by the syndicate after the manner of what is called "shinning" or "kiting" among brokers, i. e., the syndicate were permitted to draw exchange enough against their own European credits to satisfy temporarily the demand for foreign exchange on gold for shipment, until commercial bills produced by our shipments of wheat and cotton should appear and fill the void.

The syndicate got nearly pawnbrokers' rates, about 22 per cent. profits, on a bond one per cent. higher than the government's standing justifies, performed half their contract, shinned for the other half, and came out with a profit greater than the capital value of the wealthiest bank in New York City, viz., the Chemical National, and nearly equal to half its deposits.

Of course this transaction will be the subject of some degree of investigation at the approaching session of Congress. And yet the people of the United States should, in all fairness, charge up this result to their own preponderant folly. They voted for a raid on the revenues, on a large scale, and they got exactly what they voted for in this result.

Economics in the Magazines.

CRIME. *Criminal Anthropology.* By Prof. C. Lombroso, in *The Forum* for September, 1895.

Prof. Lombroso regards crime as largely a survival into civilized periods of methods essential to self-preservation in barbarous and savage conditions, and in animals of the higher species accompanied and superinduced in a considerable percentage of cases by physical abnormalities of structure and outline, which both tend to make the person a criminal and to make the criminal life safe, natural, and easy to him. The dominant physical signs of the criminal class are enormous jaws in proportion to the size of the brain, cross eyes, premature wrinkles, a loss of the ethnic or race type of expression, and the acquisition of a new expression peculiar to all criminals of whatever race, the presence of an enormous medial fossa, such as is found in the vertebrate animals below the ape, in place of the occipital median spine, which occurs in the interior of the skull, nervous insensibility to delicate impressions and to pain and suffering through injury. Virile aspect of the skull in women, and a frequency of feminine aspect among male thieves and unnatural criminals; tattooing, vengefulness, indolence, love of alcohol and gambling, lefthandedness, acute vision contrasting with insensibility of color, fondness for dangerous and cruel games involving cutting or injury, retreating or low angle of the forehead, meningitic, hepatic, and cardiac lesions and epilepsy; irregular teeth, exaggerated intensity of affectionateness, especially sexual, smaller cranial capacity, especially in prostitutes, inebriate and consumptive ancestry. The treatment of crime should discard theological expiation; distinguish mainly between accidental or impulsive criminals, in which only a single crime breaks in upon a life otherwise useful, who should be withdrawn from their utilities as little as possible, and born criminals who should be imprisoned for life however slight their offense. No exemption to the insane, who should be classed with born criminals. The bureau for degenerates and abnormal people at Washington, and the Elmira reformatory are on the right track, in Lombroso's judgment. But farming would be better than imprisonment, and preventive means and useful occupations should be absolutely preferred to vindictive penalties.

ECONOMIC THEORY. *The Gold Standard of Currency in the Light of Recent Theory.* By J. B. Clark in *Political Science Quarterly* for September.

There are fifty-six sentences in the 11 pages of this article that hang suspended from an "if," a "let us suppose," or a "may," leaving a large number of somewhat less hypothetical statements resting on "a might be," "should be," or the interrogative "Is it?"; Not a single economic, historical or monetary fact appears in the essay. It conforms, therefore, to Prof. Clark's theory of economic work, which is that its function is to state the logical consequences of a purely fictitious set of suppositions or hypothetical assumptions, on the notion that all the world already knows the facts, or that they are immaterial, and that the **ECONOMIST** knows none of them or knows that they are all equally disputable or irrelevant, and hence that the work of an economist is solely that of a logician, or more nearly that of a Jack Bunsby who reasons that, "if the vessel be not gone down, then all on board are measurably safe, but if so be that the vessel has gone down derry down, then doubtless it is true that down derry down she has gone."

No one could learn from Prof. Clark's article whether he thinks gold has risen or silver fallen; whether he thinks all commodities can fall relatively to money, or whether the world of values is like a see-saw—the quantity that falls must be balanced by a quantity that rises; whether bimetallism ever was or is now practicable, or whether any steering is now in order in the monetary world. This kind of discussion once had a much-esteemed place in Theology. It is like a grindstone for sharpening wit in others, though it knows nothing itself. The attainment to any true worth in the pretended treatment of economic science depends on the total elimination of deductive argument where the premises are supposititious or hypothetical and no actual historical facts are employed.

FACTORY LAWS. *Factory Legislation in the United States.* By N. D. North, in *The Wool Manufacturers' Bulletin* for September.

Mr. North enters on a crusade to head off the eight-hour agitation by having the acts pronounced unconstitutional, which

is the legalist way of settling an economic question, by claiming that its discussion is fundamentally fenced out by higher law. The Democratic party tried this on the tariff question with no real advantage. A law limiting the number of hours in a working day is very much like a law establishing the number of ounces in a pound or of grains of gold in a dollar. When a man is hired for a day, he tenders his day and his employer tenders in return his dollar. If the law can regulate the number of ounces in the one, why can it not the number of hours in the other.

HARD TIMES. *The Benefits of Hard Times.* By Edward Atkinson, in *The Forum* for September.

Mr. Atkinson attributes the panic of '93 "to the incapacity of Congress," which, as Mr. A. is solely distinguished by his life-long efforts to elect a congress of just that stripe, looks as if Mr. A. might have blundered. However, he regards the hard times as having caused great economies in railway management, in preparing cotton for the market, in the organization and education of the blacks, and in wheat-production. The quality of the exact changes made in either of these lines, and the degree in which they are due to the hard times or merely coincident therewith, is left somewhat in the clouds. The theory that men are made better by poverty more rapidly than by wealth is trite but gruesome. In the hard times of 1854-7 a great revival of religion occurred, and many optimists laid it down as a social law that the sweeping away of the things of this world tended to fix man's affections on the next. So Mr. Atkinson thinks that a few years of incapacity in government tends to promote a higher capacity in business. We fear this is much like inferring that a dog must be a good hunter because he is good for nothing else.

LIVING WAGE. *Municipal Progress and the Living Wage.* By D. G. McMeans, in *The Forum* for September.

Mr. McMeans applies the term living wage to that rate of wages which will enable every employee in the city of New York who gets work from the city to support his family and pay the political assessments to Tammany Hall necessary to enable him to get the work. To secure the payment of this

living wage statutes fixing wages at a sufficiently large sum to cover party assessments have been passed, and the burden of Mr. McMeans' argument is that Commissioner Waring could have cleaned the streets cheaper if he could have hired his men at the current market rate of wages and had not been compelled to pay this "living wage" fixed by statute. Mr. McMeans has succeeded in interpreting into the term "living wage" a meaning which will surprise all who have used it. If a "living wage" includes political assessments to sustain Tammany Hall, then a judge of the Circuit Court who gets \$17,500 a year and pays \$5,000 a year to Tammany Hall is working for a living wage. Such a use of the term is a travesty on its meaning.

SOCIALISM. *The Ideal of the American Commonwealth.* By Prof. J. W. Burgess (Columbia), in *Political Science Quarterly* for September.

Prof. Burgess holds that the United States are, at least since 1861, a National Federal State in which the ultimate sovereignty is in the people of all the states for federal purposes, and in the people of each state for "state," in the American sense, as distinguished from national purposes; that the Aryan Teutonic races alone found republics and democracies; that the only present menace to individual liberty lies not in the doctrine of the sovereignty of each state, nor in the concentration of state powers into the national state, but in Socialism.

Prof. Burgess says that while a student at the German universities he learned the vicious nature of the Socialistic program, and thanked Providence that it could find no lodgment in America. But at this time he was too optimistic.

"I forgot the corrupting influences of the Socialistic teachings at many of the German universities upon the American students attending them, who were destined to occupy professorships of Political Economy in America, and to make a propaganda of these notions as to the paternal character of government. * * I am willing to concede that there is no nationality in philology and mathematics; but political science and political economy, to be of any service whatsoever, must be closely adapted to national circumstances and traditions. The young professors, filled with European culture, are prone to forget this. They are usually much better acquainted with the history

and the conditions of Europe than with those of America. *

* I especially deprecate their readiness to admit governmental control and administration into that domain which has heretofore been regarded as secure to private occupation; and I am particularly repelled by their undervaluation of our system of private property in its relation to the civilization of the human race."

Columbia is to be congratulated upon having for the chief director of its School of Political Science a gentleman whose "head is level" on the class of questions on which Ely, Commons, Bemis, and others have illustrated the truths of his remark.

Among the Books.

The American Congress, a History of National Legislation and Political Events, 1774-1895. By Joseph West Moore. New York : Harper & Bros., 1895. 564 pp. Cloth, \$3.

This book has the merit of living up to its title. It is a history of the doings of the American Congress from the beginning to the present day, including the last session. Mr. Moore relates the important doings of Congress in an almost colorless though interesting manner. It is chiefly interesting because the story is told in good English and in a simple, direct style.

The reader is able in most instances to get the leading facts in such a way as to not get an entirely wrong idea of the matter referred to, which is not always the case; especially when the historian is writing of affairs touching his own time.

Although Mr. Moore can nowhere be suspected of being a protectionist, he tells with great fairness, though not much fullness, the various tariff struggles in Congress. He relates briefly and clearly the story of how the Democrats in 1828 and again in 1832 threatened to adopt the policy of nullification and resist the collection of Federal taxes by force of arms because they could not defeat the adoption of protective duties.

In discussing the struggle of Jackson against the Second Bank of the United States, he gives a sufficiently fair statement of the matter to enable the reader to see that the Bank of the United States had the support of the country, of Congress, and of the best financiers, and that its real enemy was Jackson, who was its murderer. But as Mr. Moore nears the period of the present administration, he touches events more gingerly. As, for instance : after relating the case of the Mills Bill, he omits entirely all mention of Mr. Cleveland's retaliatory message on Canada, which the *New York Sun* showed to be a reproduction of an old message of Grant's on the same subject, with a few altered sentences scattered through the body of the text.

In discussing Mr. Cleveland's effort to re-establish Liliuokalani on the throne of Hawaii and overthrow the Republic he quietly remarks, "Public opinion in the United States was so decidedly against the scheme of restoration that the Cleveland Administration did not attempt to carry it out by force."

While Mr. Moore avoids the spirit of partisanship there is an evident effort to let Mr. Cleveland and his administration

go into history as smoothly as possible without violating accuracy of statement. On the whole, however, it is a well and carefully written book. It gives the reader a clear and concise account of the leading events with which Congress has dealt. It has the additional merit of being free from extraneous matter and is really the best digest of the doings of the American Congress that we have yet seen, and will make an excellent book of reference for the young student of American history.

Merrie England. A plain Exposition of Socialism, what it is and what it is not. By Robert Blatchford. New York : Commonwealth Co. 168 pp. 10 cents.

This book demands, not merely that a few industries, together with land, be nationalized, but that all—farming, manufactures, the sale of goods, the mining, down to the making and distribution of bread, soap, and towels—be in the hands of the State. It would abolish all profits, property, interest, rents and wages—have all railways run free, and leave nothing to individual ownership, enterprise or compensation. All work is to be done to gratify the passion for work, and no man is to be paid wages or compelled to work, although the author does kindly admit that if he refuses to work he can starve (p. 118). But how anybody can starve when, as provided on p. 85, “goods of all kinds would be produced and distributed for use, and not for sale, in such quantities as needed, and every citizen would take what he or she needed from the common stock,” passes comprehension.

So, we are told on p. 85, that “hours of labor would be fixed,” yet, on p. 119, that “the socialistic State would not compel any man to work,” and as no wages would be paid (p. 85), but food, clothing, lodging, fuel, transit, amusement, and all other things would be absolutely free, and the only difference between a prime minister and a collier would be the difference of rank and occupation, “there would be neither want nor the State to coerce the performance of any work whatever; and as ninety-nine per cent. of mankind will not work except under coercion of some kind,” it seems ridiculous to assert that any “hours of labor” would exist, or that any labor would occur.

The book is founded on the spurious and false notion that

private titles originate in production, *i. e.*, that men first come to own things by producing them and can equitably own only what their own labor has produced. Nothing could be more stupidly false. Not in a single instance in history did any one man ever come to own any one thing by producing it; nor is it possible under any chapter or clause of the law of any country or race on earth, or that has ever existed, for any worker to become the owner of the smallest thing by producing it. He must first have owned the basic materials out of which it is made or he will have no title to the product.

Nor will men perform productive labor unless they first own the materials, implements, and land on which they work, or are hired to do so by one who does. Hence all production is preceded by private title instead of being the source and origin of private title.

The book does not mention Karl Marx, Bokounin, Lasalle, Plato, Proudhon, Fourier, and the other sources of most of its doctrines, but appropriates and popularizes, combines and rattles together all the chief doctrines of all these theorists. From Plato it gets the doctrines that children should be reared by the State, and not by their parents; from Fourier the doctrine that all men should work only for love of work; from Proudhon the doctrine that all property rests for its moral basis only on robbery; from Karl Marx the doctrine that all profits are stealings.

The only fact that gives the book its value is that one million copies are said to have been sold and five millions of persons in England have read it.

Its chief attractions are its simple, clear style. It manages to express with happy precision and with masterly fertilities of illustration about all the ignorance of economic law which has ever blunted the moral sense of mankind.

LA MONNAIE, LE CRÉDIT & LE CHANGE, par AUG. ARNAUNÉ, professeur à l'École des Sciences politiques, chef de bureau à la Direction générale des Douanes, secrétaire de la Commission monétaire. (1 vol. in-8°, 7 fr.—Paris, Félix Alcan, éditeur.) 1894. pp. 402.

The campaign for the free coinage of silver at the ratio of 16 to 1 is as earnest as it is honest; and the whole world is

seriously interested in the discussion. It is therefore sheer folly to treat the subject as a popular craze or form of lunacy and to regard the agitation as prompted only by dishonest silver-mine owners and the debtor nations of the earth. The movement is to be successfully opposed only by meeting argument with argument and by persistently presenting the facts of history, with the lesson of their logic. This is the aim of the course of lectures, given at the School of Political Science, which formed the basis of the treatise by Professor Arnauné. The work is encyclopædic in character, covering not only all the various elements of currency—coin, bank-notes, checks, bills of exchange, etc.—but also long and short commercial paper, government bonds, stocks and the titles to property which are so largely dealt in on the Exchanges, and particularly those evidences of debt whose value is recognized internationally and which, though invisible, play such an important part in the real balance of trade between nations; discussing not only the monetary systems, coin and credit, of various countries—"that of France, which offers a remarkable example of the alternation of standards under a bimetallic system of legislation, that of England, the type of monometallism based on gold; those of the United States and Germany, whose history makes clear the difficulties which arise when the government changes the monetary system or attempts to determine what use shall be made of the precious metals; and that of French Indo-China, a curious specimen of monometallism based on silver" (p. 1)—but also the principles of foreign exchange and their importance in the consideration of a monetary policy, the relation of convertible bank-notes to a forced circulation, the whole mechanism of exchange and the necessity of securing just as much credit currency as can be kept absolutely redeemable.

One of the most important features of the book is the clearness of the author's definitions, which are also accurate from the standpoint of a monometallist. A bimetalist should not assent to them. The following is an example (pp. 147-8):

"The expressions bimetalism and monometallism are easily misunderstood. They seem to say that in the matter of coin two metals are required in the first system and only one in the second. Quite the contrary is true; both systems admit of

coins, not only of two metals, but of even three or four—gold, silver, bronze, and nickel. Moreover, we shall see that, in fact, bimetallic legislation usually has the effect of excluding one of the precious metals from circulation, sometimes gold and sometimes silver, and that the monometallic system can perfectly well insure the parallel circulation of the two metals.

"The bimetallic system is characterized by the establishment of a legal relation between the value of gold and that of silver—a relation according to which the debtor can impose payment on the creditor of either the one metal or the other as he chooses, and according to which also the law fixes the respective weights of pieces of each metal which the mints are obliged to coin, without limitation of the quantity, from bullion deposited by individuals.

"In the monometallic system, the legislator does not establish an obligatory relation between the values of the two metals. Free and unlimited coinage for individuals is consequently allowed for one precious metal only, and this metal furnishes the only source for money which is full legal tender."

"The two systems are also spoken of under the names of the double and the single standard. These phrases are still less correct. There are, indeed, two legal monies in the bimetallic system, but there is never but one standard, established now by one, now by the other, of legal monies; it is not a double-standard system, but one of alternate standards." (p. 148.)

M. Arnauné considers at considerable length the causes which have occasioned a change in the value of the precious metals since the middle of the century, recognizing that the so-called law of supply and demand, while "assuredly very exact, throws no great light on the question." "Here, as everywhere else, it is necessary to look for the more distant causes which determine the relative importance of supply and demand themselves." His conclusions may be stated as follows:

1. From 1850 to 1870, gold depreciated in value, as a result of the increased supply afforded by the newly discovered mines in California and Australia. This fall was apparently lessened by the decline in the cost of producing many other forms of wealth. "The fifty years included between 1825 and 1875 witnessed an economic revolution more profound than many political revolutions. The face of the world was transformed.

The creation and development of railroads and of steam navigation, reducing the cost of transportation by three-fourths, enlarged and extended markets, destroyed national monopolies, occasioned the localization of both manufacture and agriculture, and extended the fruitful division of labor from individuals to nations. The application of mechanic motors to production, securing an enormous economy of human labor, reduced the cost of reproduction and developed consumption, public and private." (p. 31.) A second cause which restricted this fall in the value of gold was the large market for it which France and the countries of the Latin Union had offered by their bimetallic system—not only importing gold in large quantities, but exporting silver. "This double movement sustained the price of the yellow metal; silver acting, as Michel Chevalier has said, as a parachute for gold." (p. 32.)

2. The fall in prices since 1873 appears to be due in the main to the application of science to industry. The means of production have not only been entirely changed by the use of steam, but the methods employed have been greatly modified by the discoveries of scientists. "In the last twenty-five years industry has left the field of empiricism and entered on scientific ways." The much-talked-of general level of prices is, moreover, a mental abstraction only, which it is very difficult to determine, which is not correctly revealed in any system of index numbers, and whose variations do not necessarily indicate changes in the value of the money unit, because none of these systems of index numbers includes land, labor, and organized capital, all of which may rise simultaneously with a fall in the value of nearly all their products.

These conclusions are supported by a wealth of illustration which makes the work a compendium of interesting facts. The author believes that our danger lies in the direction of legislative experiments and urges evolution along the reasonably successful lines of past experience.

SOCIAL ECONOMIST.

NOVEMBER, 1895.

Dishonest Newspaper Economics.

Under despotic forms of government, the public policy of a country may largely depend upon military prestige and ambition, territorial aggrandizement, and indeed a multitude of questions that are chiefly personal to royalty or to a small aristocracy. But as freedom broadens down from precedent to precedent and representative government supersedes despotism, the interests of the people form the issues upon which the political institutions are maintained or modified.

In proportion as the masses come to take an intelligent part in the discussion and the determination of public policy, therefore, their economic and social interests become prominent factors in the national policy. Consequently, in a democracy like ours; economic questions constitute the dominant issues upon which political parties are divided; and the press the chief form of their discussion. Upon the integrity of the press in economic discussion, therefore, largely depends not only the wisdom of our national policy towards great industrial problems, but the integrity of our economic discussions. Flippant inaccuracies in presenting the facts and drawing the conclusions on industrial matters, besides creating a false public opinion leading to national mistakes and lack of confidence in our public men and institutions, directly tend to intellectual dishonesty and the degradation of public morality.

Reluctant as we may be to admit it, a certain portion of the press in this country appears, consciously or unconsciously, to be rapidly falling into this condition. There is a growing tendency to reverse the order of true statesmanship and subordinate industrial and social interest to political success, instead

of subordinating political action to the industrial and social interests of the community. In the long run this sacrifice of public welfare to partisan ends can lead only to public disaster. The people may be fooled by falsehood, but economic law will ultimately work out its own result. Deception and error are the sure precursors of evil, by no matter what motive they are inspired.

Of course, all misrepresentations of industrial data are not wantonly deceptive. Mankind generally are honest or society would disintegrate. Volitional dishonesty is but a fraction of the social whole, but sometimes it is a very yeasty fraction. This is particularly true of newspaper economics. The number of journals which wantonly invent or misinterpret industrial facts is doubtless very small; but when misstatements are made in favor of political party ambitions, they are eagerly reprinted by the great mass of journals of the same party, in good faith or with the feeling that the responsibility is somewhere else. The eagerness to state a fact without verification, if it lends color to their cause, is much greater than the willingness to correct it when the error is exposed.

In this way, error is made to travel many times faster and further than the truth, especially if the truth comes afterward in the form of a correction.

During the last few years, so much of this sort of thing has been done that the starting or aiding in the circulation of economic falsehood has become a part of the ordinary method of political propaganda by a certain class of so-called respectable journals. A few instances will suffice to illustrate this demoralizing tendency which is doing much to degrade the American press in the eyes of the world.

Immediately after the passage of the McKinley tariff law a concerted effort was made on the part of certain newspapers to frighten the community into a dislike of that law. In order that the scheme might be effective in accomplishing the immediate object for which it was started, viz.: to elect a free-trade Congress in 1890, merchants everywhere were encouraged arbitrarily to put up prices on articles which were not remotely affected by the tariff. To this end, fraudulent lists of increased prices were published, so that the unscrupulous shop-

keeper should believe that as others were raising prices, he had better make a grab also.

In some States, and particularly in Ohio, peddlers were sent throughout the country districts on liberal wages, regardless of their sales, to take tin ware and other articles among the farmers, and ask 50 or 75 per cent. advance in price, telling the people that the rise was due to the new tariff, when no such rise in price had occurred.

In the dry-goods stores in the large cities, the same unscrupulous price-raising was practised, and the women were told that it was due to the new tariff, when in most instances it was wholly arbitrary, having no relation whatever to the tariff. By this kind of concerted dishonesty, farmers' and mechanics' wives were temporarily put in a state of semi-frenzy against the new law, and accordingly exercised great influence upon their husbands and brothers, the effect of which was to increase the number of free-trade Congressmen then elected.

Of course, time soon proved the fallacy of these statements regarding the rise of prices; but it was effective for the election, and on the principle that the end justifies the means answered the purpose of dishonest newspaper economics.

Another illustration of this class of newspaper economics occurred in New York State in 1892. The legislature of that year ordered the chief of the labor bureau to investigate the movement of wages and prices since the adoption of the McKinley tariff law.

Of course, they could not oppose this investigation, and, having a free-trade governor and a chief of the bureau who received originally his appointment from Mr. Cleveland himself, they hoped and expected that the right kind of statistics would be given out. It was assumed that the chief sufficiently understood his political interests to see to it that his report would lend aid to their cause, or, in any event, "not help the bear." To their amazement, however, when the report appeared it showed the fact to controvert their whole claim. Instead of prices having risen and wages fallen or remained stationary under the McKinley tariff law, the report showed that prices had actually fallen, and that wages had greatly increased, so that the purchasing power of the laborer's income had steadily advanced from 1890 to 1892.

This greatly incensed the propagandists of dishonest economics and they denounced the labor commissioner for having issued the report. The *Evening Post* and its class denounced the commissioner as an incompetent and dishonest tool of Hill, and an enemy of Cleveland, who should at once be relieved of his office ; some of its prominent disciples actually went to Albany to plead for his removal. And why ? Because he was not dishonest enough either to suppress his report or to doctor it so as to falsify the facts in favor of their free-trade propaganda.

Since the passage of the Gorman-Wilson law, a similar line of policy has been pursued by this class of journals. Of course, after the adoption of the Wilson bill, the objective point was changed. Under the McKinley law, the purpose was to show that the effect was injurious in producing higher prices and lower wages. After the passage of the new tariff bill the object was to show that everybody was benefitted; that prosperity spurted out on every side in the form of new industries and increasing wages.

Pursuant to this policy, the *Evening Post* published, July 8, two columns of instances in parallel column, purporting to show how factories were closed and wages reduced in 1890, after the passage of the McKinley law, and how wages were advanced and new mills established in 1895 after the passage of the Gorman-Wilson law. The New York *Press* interviewed the concerns mentioned in this list and found these so-called statistics were a mass of fabrications. Where there was a grain of truth in the statement, it was so exaggerated as practically to amount to lying. Although these so-called facts presented by the *Post* were copied far and wide by such papers as the Philadelphia *Record*, the Springfield (Mass.) *Republican*, the New York *Herald* and *World*, so far as we know, not a single one of them retracted the falsehood after it had been completely exposed.

On the contrary, when defense was impossible, they deserted this particular topic only to begin the same kind of work under a new head. This time it was the extent and amount of increasing wages under and through the influence of the new tariff bill, and the same kind of dishonest economics were employed.

In analyzing one of these lists of increasing wages, the New York *Tribune* showed that they were the same kind that the

Press proved the others to have been, viz. : composed of a little truth and an abundance of falsehood. The method of falsification in this case was chiefly by the method of counting the same concern several times over in different forms, so as to magnify the number to many times what they really were. For instance, the list included the Carnegie company with 15,000 hands on May 14, and on the same day each of nine distinct establishments owned by the Carnegie company, with 15,000 hands in all. Again, it included all the nail works of Ohio with 6,000 hands, and also two of them with 6,000 hands, each twice repeated; and another with 1,000 hands three times and two others with 1,500 each, making 22,500 hands out of a possible 6,000. Thus, by fraudulent manipulation of the figures, the number of hands were made to appear to be 275 per cent. greater than they actually were.

In dealing with the furnaces, the list reported the Mahoning and Shenango Valleys as having 2,000 hands, and then the Mahoning furnaces again, one with 1,000 hands and another with 875 hands. The Shenango furnaces were reported separately twice, one of them with 500 hands and part of them again. The Newcastle furnaces were reported twice; the Illinois Steel Company with 7,000 hands and part of its works twice more, and its works at Joliet three times. The list reported all the Providence woolen mills, and then most of them separately once and one of them three times; 27 iron concerns were so repeated as to make 39, and a dozen other woolen mills were repeated, some twice and some three times.

The cotton mills at Fall River, Lowell and New Bedford, Mass., were treated in a similar way, giving them all once and several of them over again separately. The Lewiston cotton mill, with from 4,000 to 5,000 hands, was repeated twice a few days apart, as if they were new increases, and so on. It will be seen that this method of repeating the same facts in different ways, so as to give the impression that they are all new cases, is simply an ingenious way of inventing economic data for the purpose of misleading the public. This method has been so persistently pursued that it has become a system of dishonest newspaper economics. Nor is the pernicious influence of this limited to the particular cases cited, but it serves the basis for a new series of misrepresentation.

Thus, for example, following, and undoubtedly largely due to the above, a new set of falsehoods have been issued regarding the woolen industry.

A short time ago, the *Wool and Cotton Reporter*, a free-wool trade journal, made the announcement that 201 new textile factories had been established in the first half of 1895. This statement seemed such a savory morsel that it was immediately clutched at by the same class of journals, and some of them, conspicuously the *Philadelphia Record*, made the announcement that 201 new woolen factories had been established, citing the Boston trade paper as its authority.

Knowing that such a statement was probably erroneous, we wrote to the *Wool and Cotton Reporter* asking on what data they based their statement, and offered to pay for any information that would lead to its verification. The editor replied, practically admitting that he had no authentic source of information on the subject, but that he had made up his tables from statements by correspondents and a careful reading of exchanges, of daily papers, and trade journals. The daily papers, of course, contained the various multiplications of the same facts just referred to.

For weeks the *Philadelphia Record* played upon this as a conclusive proof of the business-creating influence of the new tariff. We challenged the statement of the *Wool and Cotton Reporter*, the *Philadelphia Record*, and others, and demanded that they tell where the factories were located or else stop repeating the statement.

We also wrote a personal letter to Mr. Wm. M. Singerly, editor of the *Philadelphia Record*, asking that his paper have the fairness either to verify its statement or retract it, whereupon, under date of September 11, we received a letter from him admitting that the *Record* had been in error and that out of 201 so-called new enterprises only 38 were woolen mills. We thus forced from the *Record*, *Evening Post*, and other papers the modification of the number of new woolen mills from 201 to 38.

Doubting the validity of the whole procedure, we pursued the investigation on the subject still further. We first went over the entire list of 201 new mills, and found only 31 instead of 38 which even purported to be woolen mills. In order to verify

this statement regarding these, we addressed the following letter to each of the 31 new mills reported in the list.

GENTLEMEN:

Will you kindly inform the SOCIAL ECONOMIST whether your woolen mill is a new establishment built this year, or did it exist previously.

Thanking you in advance for your kindness,

Very truly yours,

GEORGE GUNTON.

This correspondence revealed the fact that out of the whole list, only 8 were correctly reported. That is to say, only 8 pretend to be new concerns and one of these is a shoddy importing firm; another is a concern occupying a single floor in an old building, and none of them seem to be concerns of any magnitude. Among the remainder, one reported itself as a manufactory of wool and cotton supplies, and not a woolen mill at all, and is an old concern. Another writes a long letter on the disastrous effects of the Wilson Bill upon the woolen industry and fears it will have to leave the business unless some improved legislation is adopted. Another is an old establishment and has no prospects of enlargement; another states that the concern has been in existence for forty years, but is now stopped. Still another has existed five years and is now occupied, and so on down the list.

In this list alone, in fact, the number of old concerns stopped or partially stopped appears to about equal the number of *bona fide* new ones. If we should extend the investigation to the entire woolen mills of the country, there is every reason to believe, from other sources of information, that we should find the actual number of woolen mills now in operation to be considerably less than in 1893 and 1894; for we have received information of several woolen concerns that have not resumed full operations since 1893.

Thus, we find that the entire claim regarding new woolen mills, about which so much noise has been made throughout the country, vanishes with the first real touch of honest investigation. Were the same test applied to the remaining 170 so-called new textile concerns, a large proportion of them would doubtless prove to be of the same character. There is no good evidence that any such number of new textile factories have

been built this year. Indeed, the whole business boom about which we have heard so much, is very largely political talk.

There is an improved tone in business circles. After the election of 1894, which made it certain that no more tariff hacking could take place, business confidence began to revive and a more hopeful tone prevails. Since then, a partial reparation of the wreck of 1893 has taken place, but there is no such thing as a return of the prosperity which preceded the panic. Wages are not so high, consumption is not so great, capital is not so confident or so willing to invest, and business, except in a few special lines, is nowhere so buoyant and progressive.

This base use of industrial data for political purposes is destroying the integrity of economic investigation and putting a premium on misrepresentation and political demagoguery.

The corruption of the stream of public information is the surest means of swelling the tide of socialism and anarchy and general distrust of our public policy and institutions.

In the July issue of the *SOCIAL ECONOMIST*, we expose a similar fraud which was published in respectable book form. The animus of that tirade against society was pure socialism and antagonism to existing industrial institutions. It was an attack on capital and capitalism, pretending to show that large fortunes are made by dishonesty, and, as in this case, with a pretended display of authentic data which, upon investigation proved to be chiefly exaggeration and falsehood.

It is high time that the friends of honest economic discussion should effectively protest against this fraudulent use of economic data which is gradually, but permanently, becoming the means of propagating socialism, anarchy, free trade, populism and other society disrupting movements. No important industrial, social or political reform can be expected so long as misrepresentation, falsehood and demagoguery are the chief instruments of propaganda.

Signs of Sound Banking.

"Solitary and alone," said Thomas H. Benton, "I set this ball in motion." For two years "solitary and alone" the *SOCIAL ECONOMIST* has been pointing out in a score of articles the perfect practicability of retiring the greenbacks and getting the United States Treasury out of the banking business by means

of a Bank of the United States, and the impracticability of doing it in any other way.

Articles looking to this end have been :

1. The First Bank of the United States, in the *SOCIAL ECONOMIST* for August, 1893.
2. The Second Bank of the United States, in our issue of September, 1893.
3. With and Without a Government Bank, and Path to Safe Banking and Currency, October, 1893.
5. The Gold Export and Its Dangers, July, 1894.
6. The Baltimore Plan, December, 1894.
7. Our Banking and Currency Plan, January, 1895.
8. Why Government Notes Are a Bad Currency, in the same issue.
9. Lincoln on a Government Bank, July, 1895.
10. Facts about the Bank of England, 1895.
11. Political Parties and the Public Peril, and
12. Silver and the Gresham Law, 8 pages, in our issue of October, 1895.

These twelve articles of 122 pages have evinced the earnestness with which we have pursued this theme, which had become almost a neglected element in national finance.

The Sound Currency Committee have issued pamphlets pointing out defects in the existing system, both of greenback notes and national banks, but none of these pamphlets goes to the root of the matter, and proposes a plan by which greenbacks can be retired without a severe contraction of the currency and a monetary crisis.

President Cleveland, ex-Secretary Fairchild, Secretary Carlisle, the Baltimore Convention, Horace White, the *Evening Post*, and the *Journal of Commerce* all bravely drive their horses down to this Rubicon, rein them in, and stop with arms akimbo in deep meditation, saying "I know what comes next myself, but it would not be prudent for me to say it until enough other fellows also say it, so that I will not feel lonesome."

Now, however, the pathway has become too clear to too many persons to admit of the solemn dumb show, like that of *Rip Van Winkle's* mountain moonshiners, being any longer maintained.

Matthew Marshall, financial editor of the *Sun*, in a recent issue of that journal, says :

“ Behind all these elements of disturbance, which are of comparatively modern origin, lies the earlier one, now half a century old, of the independent treasury system, by which the Government finances are dissociated from those of citizens generally, and the money collected for duties and taxes is locked up and unavailable for general use. During the last year or two the system has not been so very pernicious, because of the inactivity of trade, but in previous years the frequent sweeping into the treasury of vast amounts of currency has produced artificial stringencies of money, and the letting of them out again for bond purchases equally artificial plethoras. There is much talk against the Government's being in the banking business, and a clamor is made for withdrawing it from that business by retiring the legal-tender notes, but nobody seems to be aware that, even were the legal tenders retired, the Government would still, by its treasury operations, remain by all odds the biggest bank in the country, and one administered with the least regard to the interests of the people.

“ On the other hand, banking business of private citizens is divided up among eight thousand and more National and State corporations, each independent of the other, and, excepting in a few of our larger cities, no one having the means of acting in concert with the others. How badly this system works in emergencies was made painfully apparent in 1893, when the wise example of our New York banks in standing by one another and making a commonstock of their resources was disregarded by the banks in other localities, with the result of bringing on a scramble for available money, which ended in the hoarding of vast amounts of it by individuals, and made necessary large importations of gold to supply the artificial demand thus created. If we are compelled to choose between these thousands of little banks as custodians of the national revenues and a Government treasury, the preference undoubtedly must be given to the treasury, but such a choice is not imperative.

“ Great Britain, two centuries ago, discovered the advantage of placing public revenues in the custody of a great national bank and of making the public expenditures through the same

agency. The other nations of Europe followed at intervals the example of Great Britain, and now each one of them transacts its financial business through a bank specially chartered for the purpose, and which, by the magnitude of its capital and the strict supervision to which it is subjected, possesses the necessary guaranties of safety and responsibility. Operating in this way, the government collects and disburses their incomes with no more disturbance of the market than is created by the transactions of a single citizen; temporary loans, when they are needed, are made with equal ease; the volume of paper money is regulated by the laws of trade without appealing to legislators, and the questions which so distract this country are never raised.

"Unfortunately, the traditions of the disasters which attended the career of the old United States Bank still retain, in this country, sufficient strength to make the creation of another institution of the same kind a matter of much difficulty. It is doubtful whether either of the great political parties would dare to undertake it, and it would meet with determined opposition from all those who are interested in the gains of the little banks now existing. Time and experience are, however, great educators. Everybody, it is clear, is dissatisfied with the present system, and nothing is needed but to unite them in favor of a change for the better. Such a change would be the establishment of a central national bank, with branches in the important cities of the Union, managed by competent officers and intrusted with the receipt and the disbursement of the national revenues, having the monopoly of the issue of paper money, and paying for it a proper annual compensation. The obstacles in the way of establishing it are great, but they are not insurmountable, and the first step toward overcoming them is to bring the subject before the public for consideration."

Commenting on this proposition, *The Springfield Republican* (Ind.) agrees with the writer that the independent treasury has proved clumsy, wasteful, and panic-breeding, and that the time has come for a reconsideration of the argument for a Bank of the United States. Anticipating the objections of those who favor direct issue of money by the Government, it says:

"As we have before pointed out, the currency reformers

are dividing into the parties of those who favor the complete divorce of the Government from all money-making aside from stamping the weight and fineness of the standard metal, and of those who would have the Government the sole issuer of whatever money is issued. But practically all of the first party would have bank issues brought under the control and close regulations of the Federal Government. And it is to be considered whether the prejudices of the second party against money issues for private profit cannot in a measure be overcome by organizing, not only a reformed bank-note system, but by bringing this system into closer relations with the Government than is usually suggested, and at the same time overcoming the weaknesses of the sub-treasury system by making this national bank system the fiscal agency of the Government."

The heaven is working. Ex-Congressman M. D. Harter, of Ohio, in a letter to the *Voice*, New York, says :

"That we can ever have a perfectly sound currency, or a permanently good business condition, so long as the Government insists upon doing a banking business (involving as it does the keeping of a proper gold reserve), I do not think possible. The quicker, therefore, the Government confines itself to its proper and limited duties the better. The banks should supply the capital and the currency for the business of the country, and the Government should have nothing to do with the volume of our money except to coin or stamp the gold and silver we use, and thus certify to its weight and purity. It is incredible that all the thinking people will not before long awake to this fact."

Similar opinions are expressed almost every day in a number of Democratic and Independent newspapers, and the Massachusetts Democrats, as well as the organization known as the New York State Democracy, led by Mr. Fairchild, have embodied the demand for the retirement of the Government banking business in their platforms.

Neither Republican nor Democratic politicians will be likely to take any decisive step toward either consolidating our national banking system into one federal bank, or organizing a distinct federal bank of larger capital than any now existing, and having an official government connection, until the cost and

calamities of trying to do without it drive them into it as a measure of escape from the bottomless and the brutal.

So long as the Republicans believe that an amendment of the tariff and an abundant revenue will work a revision of our monetary system, we must wait. But when the Republicans shall have amended the tariff and filled up the treasury with revenue, and then discovered that numerous disorders of our currency system continued unabated, they will abolish the sub-treasury abortion, which is itself the real cause of the green-back issue, and will return to the banking policy sanctioned by the fathers of the republic and the experiences of the enlightened portion of the world.

Wages Paid in Some English Industries.

BY THE SPECIAL LONDON CORRESPONDENT.

Thinking it may be useful and interesting to American readers, I have recently collected some reliable information on the subject of wages paid in some of our English industries. From the statistics given, readers of this journal will be able to compare the relative position of workers in England and the United States. In doing this, they should discount very largely the common fallacy that living, clothes, rent, etc., are all so very much cheaper in England than in America. If you want a very fashionable coat of superfine cloth, etc., you must pay a heavy price, whether you buy in New York City, or Boston, or London, or Paris. It is the same as regards house rent—you can pay heavy rates in London just the same as you can in any large American city. As for clothes, when in New York City, I frequently noticed that an artisan or clerk could buy an ordinary working suit for about the same price as could be done in England.

Dealing first with the building trade, which is one of the most important of London's industries, giving employment to 130,000 people in the metropolis, I find that $2\frac{1}{2}$ per cent. of the workers earn under \$5 per week; 8 per cent. earn from \$5 to \$6.25; $29\frac{1}{2}$ per cent. from \$6.25 to \$7.50; after this, there is a drop—a middle class, between the good workmen and foremen—who earn from \$7.50 to \$8.75, and amount to 11 per cent..

The higher class workmen, including foremen, earn from \$7.50 to \$10, and represent 29 per cent. of the total, while 16 per cent. of a still higher class of foremen earn from \$10 to \$11.25, and a few (about 4 per cent. only) receive \$11.25 and over.

Coming to particular branches in the trade, I find that bricklayers earn, when in full work, about \$8.50 to \$9 a week of 8 hours a day; masons receive from \$7.60 to \$8.50; carpenters and joiners, from \$7 to \$10; slaters, \$7.60 to \$8.50; plumbers, from \$7 to \$8.50; plasterers, from \$7.50 to \$8.50; painters and decorators, from \$6.50 to \$7.50; masons' laborers, \$6.50 to \$7; bricklayers' laborers, from \$5 to \$6.50, and builders' laborers, from \$5.75 to \$6. A large proportion of the workers have been born out of London. For example, 54 per cent. of the masons come from the provinces; also 51 per cent. of the bricklayers and 59 per cent. of the carpenters and joiners; the carpenters and joiners are, however, on "the top of the building trade," from the fact that their position is considered the best. There is a less proportion of immigrants among the painters (35 per cent.), the plumbers (38 per cent), and the plasterers (35 per cent.). No fewer than 40 per cent. of those engaged in this trade live in a comparatively "crowded" condition; that is, two or more persons live in one room. If we include the families of the artisans, making 433,000 altogether, I find that only 6,470 are rich enough to employ any sort of domestic service. The workers in the most overcrowded condition are bricklayers, and after them, plasterers and paperhangers, quite half of the bricklayers being overcrowded.

THE TIN-PLATE TRADE.

This is a trade which has a special interest for American readers, in view of the recent starting of the manufacture in the United States, and there we find that they range about \$7.50, while the decreases in wages are most significant, amounting to as much as 12½ per cent. during the past six months.

TEXTILE TRADES.

I defer until a later date giving full details under this head, as it almost requires an article to itself, but may say here that sheeting weavers earn \$5 a week; cotton weavers, about \$5.50; cotton weaving (overlookers), \$7.50 to \$8; linsey weavers,

\$3.50; dyers, finishers, etc., about \$5, and fustian cutters, \$4 to \$4.50.

CHEMICAL TRADE.

The following are the wages paid men in this trade; the number of men dealt with is 663, but is quite representative:

Weekly.	No. of Men.
Below \$5.....	66
\$5 and under \$6.25.....	105
\$6.25 and under \$7.50.....	128
\$7.50 and under \$8.25.....	153
\$8.25 and under \$10.....	116
\$10 and under \$11.25.....	51
\$11.25 and under \$12.50.....	18
\$12.50 and upwards.....	26
	<hr/> 663

Taking the chemical industry all round, and including the various branches, the facts seem to work out in the following proportion:

Under \$5.....	5 per cent.
\$5 and under \$6.25.....	25 "
\$6.25 and under \$7.50.....	20 "
\$7.50 and under \$8.25.....	25 "
\$8.25 and under \$11.25.....	15 "
\$11.25 upwards.....	10 "
	<hr/> 100 "

Mr. Charles Booth, the well-known statistician, has made careful inquiry into the social condition of the chemical workers, and has arrived at the following conclusions:

LOWER CLASS.

(1 and 2) Those living 3 or more in each room.....	13 per cent.
(3) " 2 to 3 " "	23½ "
(4) " 1 to 2 " "	29 "

CENTRAL CLASS.

Those living less than 1 in each room.....	} 34½ "
" in more than 4 rooms without servants	
Those employing 1 servant for 4 or more persons	
	<hr/> 100 "

The families of men earning \$5 to \$6 a week live two or up to three persons to a room; those given earning \$6.25 to \$7.25, and some of those at \$7.50, live one or up to two persons

per room, while those making over \$7.50 either occupy more than four rooms or have less than one person in each room.

The wages of those employed in the most unhealthy part of the chemical trade, viz.: the manufacture of white lead, are nearly \$2 a day; but the men cannot work more than three days a week, so that the week's pay does not exceed \$6. The wages of females and boys engaged in the chemical trade is as follows:

\$1.25.....	3	per cent.	of the total employed.
\$1 50.....	7	"	"
\$1.75.....	25	"	"
\$2.....	25	"	"
\$2.25.....	25	"	"
\$2.75.....	5	"	"
\$3 to \$4.....	4	"	"
\$4 to \$5.....	4	"	"
Over \$5.....	1	"	"
	100	"	"

On another occasion I will deal with different phases of our great labor problem and with the wages of operatives in various industries.

F. C. CHAPPELL,
London, Eng.

Sept. 26, 1895.

The Tory Economist.

Sir Archibald Alison has so many and such diverse claims to distinction, and he achieved so much useful labor with so little failure in so many very difficult and very unlike spheres of effort that it is not easy to contain him in any single term of description. In business he was a lawyer and sheriff, in a country where the term sheriff covered chiefly judicial, but also executive functions. He was, therefore, commander of the peace-preserving forces, military and police, of the County of Lanarkshire, containing then 600,000 inhabitants. It includes Glasgow, and was the most populous county of Scotland. He had been one of the four advocates depute (prosecuting attorneys) of Scotland before being elevated to the bench, and had written one treatise on "The Principles of the Criminal Law of Scotland" (1832), and another on "Practice of the Criminal Law of Scotland" (1833), which are still standard works. His

office of sheriff required him to hear and decide from 1,000 to 1,200 litigated cases every year, and to sit in court sometimes seven hours a day for fifty-seven days without intermission. These judicial labors were the basis of his income during the whole period in which he performed his almost unequalled literary work. They were so satisfactorily performed that his court drew to itself, by the mere preference of lawyers, whose option it was to sue in his court or in either of two others, about five times the number of cases which were tried before both of his competitors combined, though they were highly trained advocates, who gave their whole time to their judicial duties, knew no other line of research than law, and wrote no law treatises in addition to their judicial duties.

Mr. Alison, during the whole of his literary career, was a member, or in command, of the volunteer cavalry of Lanarkshire, leading them in all public parades, commanding them on state occasions, as whenever George IV. or Victoria were received in Edinburgh or Glasgow, and directing their movements when necessary for suppressing riots or protecting the majesty of the law during criminal executions, at which he also presided as sheriff. During the youth of his two sons, who later rose to high rank in the army, he heard their lessons daily until they were prepared for the university. As if specially to reward him for this assiduity, their bravery in the Crimean war was so conspicuous as to win the favor of Sir Colin Campbell, who placed both of them upon his staff in India, one as his military secretary, the other as his aide-de-camp. Later, Sir Archibald had the extreme pleasure to preside at a dinner given by the city of Glasgow to one of his sons, both of whom were wounded, along with Sir Colin Campbell, and one lost an arm at the battle of Lucknow.

During the same long period of literary labor, Sir Archibald was a thoroughly social man, receiving at his house nearly all of the eminent men and women of England, and many from the Continent, and was himself, with Lady Alison, a visitor at the houses of many of the nobility, gentry and aristocracy of the three kingdoms. Yet late in life he mastered German and Italian, in addition to maintaining a daily familiarity with the classics. His knowledge of French had been perfect from infancy. In his college course he had won first honors in Greek

and mathematics. He found time also to make four tours of Europe while he was practising law, and to make one of these the subject of his first published work, entitled "Travels in France During the Years 1814-1815." He repeated these tours while in the preparation of his history, so as to closely inspect nearly every battle-field in which Napoleon or the allied forces were engaged, and nearly every other scene which could have any bearing on the topic which he made his chief life-work. He was so fond of society and travel that the criticism made upon him at the outset of his career was that, while he was capable, it was not to be expected that he would do anything requiring any depth, since *he would not do anything but travel and dance*. The first work he began to write, in 1810, though he did not finish it until 1828, nor publish it until 1840, was a work entitled "The Principles of Population." Though in fact designed to controvert Malthus, it omits any mention of that work, except indirectly, but is constructive and original in form. It covers nearly every topic of what was then regarded as political economy, viz.: of the theories of the causes of national and social prosperity. The greater fecundity of the plants and animals constituting food, than of man, is mentioned, but is not emphasized. The fact that subsistence increases more rapidly than man in all growing countries is expanded. The richness in facts is embarrassing, while the thread of economic theory is not always kept vigorously in view. Like all works which help to restore sanity by teaching that the conditions in which we live are reasonable, it lacks the sprightliness that pertains to the class of books which assume to prove that the universe is awry, and the nature of things fundamentally wrong, and the divine direction crazy.

A fair sample of its style is the following:

On Corn Laws, Vol. 2., p. 247—Considerably more than two-thirds therefore of our whole manufactures are raised for the supply of the home market; and of the total wealth of the British Islands, which amounts at present to above five hundred millions a year, hardly a twelfth is produced by the manufactures for the export sales, the numbers being as follows :

Total property annually produced,	£514,000,000
Declared value of manufactures, exported on average of last three years,	48,500,000

It is quite clear therefore that, notwithstanding the plausible representations which they make of their immense importance to the national resources, and the vast masses of wealth which they exhibit in particular districts, the manufacturers for the export sales hardly produce a twelfth part of the annual income derived from the industry of the nation, and will bear no proportion, either in point of magnitude or importance, either to the agriculturists or the manufacturers for the home market. The former produces at least five times, the latter about double the value annually created by the manufacturers for the export sales. Nothing therefore could be so impolitic, nay, so absolutely insane, as to adopt any measure calculated to injure the interests of a class producing nine-tenths of the national wealth for the sake of one creating only one-tenth.

When this work was begun, in 1810, Mr. Alison had just finished his university studies. When it was completed, in 1828, he had just got ready to write his History of Europe from the French Revolution, to 1815. When it was published, in 1840, the first seven volumes of his history had passed to four editions, and had been translated into most of the languages of Europe, and also into Arabic and Hindustanee. But it had won no mention from the *Edinburgh* or *Quarterly Review*.

It is a peculiarity of Alison's work, that though his erudition was far vaster than that of the literary class generally, and exceeded that of his critics invariably, and though his style is always dignified and often ornate, graceful, sincere and spontaneous, yet nothing but his absolute success in meeting the want of the reading public could force from his critics the smallest meed of reluctant recognition.

His history had passed through ten editions in English, and many foreign, before it secured mention from the leading review of Scotland, and then only to render it superficial and ill-natured criticisms, which involved historical ignorance and inaccuracy. This hostility applied to the whole literary fraternity, with whom Alison hardly got into harmony. It has been ascribed to his Toryism, to his Protectionism, to his admiration of the aristocratic element in government. But it was largely due, probably, to the fact that, notwithstanding the enormous amount of his literary work, his personal associations were, until late in life, made for him by his career at the bar and as a sheriff-judge. Over and beyond these occupations he had no time to mingle with those who merely

write. Their class sentiment is generally dominated by the writers of either poetry or fiction, upon which domains Alison never entered, and for which he had but little mental respect. The saying of pretty, smart and "catchy" things, and the faculty of shooting bright meteors of starry thought, which glow before the mind with a certain lustrous immortality, were not among his accomplishments.

He made many more predictions which ran athwart the current of popular opinion, and yet were verified, than either Hume, Macaulay or Carlyle. Yet the literary class do not see in him the clearness of the first, the brilliancy of the second, or the prophetic spirit of the third.

The basis of all his works was economic and social. His economic teachings found a principal disciple in Henry C Carey, between whose views and those of Alison, whether upon Protection, Malthusism, money and currency, banking, slavery, labor, or other economic factor, there was very little difference. Mr. Alison's dominant idea—for he did most of his thinking before he was knighted—was that in all countries and at all times the great mass of the people would remain incompetent to steer society, either on matters of science, of policy or of wisdom, and that for the popular welfare the helm must be, and in fact under all forms of government would be, committed to a very few persons, the difference between forms of government being mainly in the tendencies of hereditary aristocracy and monarchy to commit them to a well-prepared few, and on the part of democracies and republics to commit them into the hands of an ill-prepared and incompetent few.

He did not believe an aristocracy could be created or maintained on both wealth and blood alone without merit. Rank and privilege were but vases set for the better exhibition of the cultivated flowers of merit, social success, and skill, tact, experience and withal genuine manliness and amiability. It was possible for these flowers to bloom without the vases, but not for their bloom to be as well combined and as favorably environed. But without these flowers the vases would be empty. Yet, given the forms of aristocracy, merit would have a finer welcome, a more prompt and accurate selection and a better chance.

His feeling towards the masses of the working people was

like that of a parent towards minor children, viz.: help them, but don't obey them; steer them, but don't give the helm to the mob, or your ship will be wrecked.

As sheriff, he had gone personally into secret conclaves of plotting labor insurrectionists and arrested them by dozens, and after great insurrectionary riots, had tried, convicted, and hanged for murder certain of the participants, in the presence of an angry and hostile crowd of 150,000 persons full of race, class, and party prejudice. Yet during all his life the working masses sought his counsel in many ways, and at his funeral, his daughter, Lady Alison, relates at the close of his autobiography, that the concourse of the citizens of Glasgow lined the whole way from the gate of Possil House, his residence, to the railway station, a distance of two miles. "Of these, who numbered half the working population of the city, at least three-fourths were artisans, mill girls, and iron foundry workers, swarthy with toil. These were the attendants who, at the sacrifice of some of their means of livelihood, assembled to pay a last respect to the most unbending conservative in Great Britain."

The *Encyclopædia Britannica* understates in saying that at his death there had been sold 108,000 volumes of the library edition and 432,000 volumes of the popular edition of his "History of Modern Europe," including its continuation to 1852. Above a hundred thousand copies of the entire work had then been sold in the United States, as the author had been enabled to state in his autobiography, on the authority of Mr. Bancroft. This alone would have amounted to five times the number of volumes named by the *encyclopædia*.

The senior member of the Harpers informed Mr. Alison that that firm's profits on the sales were \$30,000.

Of his miscellaneous essays in *Blackwood's* and other magazines, only three volumes were published by Blackwood. Had all been republished, they would have nearly equalled his history in magnitude. His entire works comprise a library set usually of twenty-six volumes, which still omit many of his essays.

In his "Principles of Population," his social and economical views are most systematically and scientifically shown, but not most interestingly. In the three volumes of his published

essays they appear again, sometimes almost weighed down by wealth of historic illustration. The extension of the suffrage by the Reform Act of 1832, without any corresponding entrenchment of the aristocratic principle, by making the House of Lords more accurately representative of the capital and property of the kingdom, seemed to him a blind leap toward chaos. The repeal of the Corn Laws he held to be a destruction of the agricultural interest, and very little is wanting to the accurate fulfillment of this prediction. He said the British public would get its bread no more cheaply, but would get it abroad, and in this he was entirely right. He opposed the restrictions imposed on the issue of notes by banks in the Act of 1844, and in this his views are still powerfully advocated. He favored the right of free association by workmen in trade unions, but opposed their combinations or conspiracies to prevent non-unionists from succeeding to their places. He regarded the overthrow of the Bank of the United States as a patent illustration of the tendency of democracy to vote in a way to send the people themselves to destruction. He could see nothing ahead for an American democracy after the cessation in the supply of new and fertile lands shall have brought its commercial prosperity to an end, except civil wars and race dissensions. He had no ethical sympathy with emancipation, either in the West Indies or in the United States, but regarded it as the destruction of industry in those regions. He consequently strongly desired the success of the Confederacy in its struggle against the Union, and was impatient that the government of the queen did so little to favor the South. Though ardently a Protectionist in the interest of British agriculture, he had no sympathy whatever with it when employed to build up a great manufacturing nation in the United States, or to maintain the ascendancy in the Union of that North which to him stood for a mere democracy of numbers, over that South which to him stood for an aristocracy of merit.

Mr. Alison was destitute of wit, humor, or poetic imagination, and was not, in a political sense, constructive or ideal. In the main he looked on the world without glamour or poetic fictions—as an aggregation of not very wise and not very honest people, who must be governed and reformed, but not trusted. His teleology was pronounced, but his God was a Tory, not a Whig.

A good deal of a battle was constantly in progress between two hosts, one of which, the democracy, was led by the devil, and bent on anarchy; the other was "the better class," who represented all that was worth saving in the world, and was led by the Lord of Hosts.

Mr. Alison seems to have been a fair and matter-of-fact speaker, not eloquent, but timely, a gentleman of most pleasing manners, deeply loved in the circle in which he moved, intrepid as a fighter, eminently courteous and reverential toward women, cool under all excitements, an artist of some skill in drawing, and a passionate student of that dramatic art and of that poetic class of productions in which he had no creative power.

He was a generous critic in art, but could only denounce in the most heated terms those who conflicted with his economic views. By far his most charming book, and the only one of his works which is a classic of its kind and perfect, is his autobiography, edited by his son's wife, Lady Alison. It affords a clue to his great working power, and a delightful introduction to many of the first people of his time in Great Britain. It leaves the impression of one who accomplished more work, with the means at his command, than almost any man of the century.

Pleading for the Greenback.

Although there is a steady growth of public opinion towards sound views of banking and currency, there is still a lingering tendency for the greenback among a certain class of quite intelligent people and a large class of sentimental fiatists who think they think Government notes are the only safe kind of national currency. Even the New York *Tribune* persists in clinging to this idea of national finance.

In the radical reform of our monetary system, which must be undertaken in the immediate future, the greenback will have to be dealt with. When the question is really up for action, we may expect the greenbackers, who are essentially financial socialists, to loom up in its defense.

In our last issue, we published an article by the Rev. Jesse H. Jones, on "The Greenback Issue Returning." After insisting that the greenback question has never been fairly treated

because never correctly stated, Mr. Jones undertook to dig up the vital kernel of truth in the greenback doctrine, stripped it of its errors, and presented it as the foundation upon which any sound reorganization of our monetary system must rest.

After explaining how both the gold men and the greenbackers attack each other's errors and avoid grappling with the truth in either system, he lays down the following propositions:

(1). The greenback is the national ticket of exchange or transfer ticket; the national certificate of deposit; and the national clearing-house-guarantee certificate. These are all in it by nature.

(2). It has all the worth that any bank-book of deposit has, because no man gets it without he deposits its equivalent in labor or the products of labor with the Government.

(3). It is the bank-note of the people's national bank, that is, of the nation's treasury turned into the nation's bank; and it has all the worth of any bank-note of a private bank.

(4). In each of the above cases, it is the nation's supreme authority and power by which all the wealth of the nation is put and held under this ticket to keep it good; first, to make it effective as the instrument of exchange by compelling everybody to take it for debt; and, secondly, by making it the equivalent of gold coin when this can be done.

(1). The assumption that the greenback is a national certificate of deposit is erroneous. It is a certificate showing that the Government has received service for which it was unable to pay, and gave its promissory note, to back which it has absolutely no assets. It is not a certificate of deposit of wealth or property, but only a certificate of debt. It represents no available wealth created, but a vacuum. It is the evidence that its issuer had not wealth wherewith to pay its debts.

(2). The claim that "no man gets it without he deposits its equivalent in labor or the products of labor with the Government" is all erroneous. Employees of the Government do not deposit labor or the products of labor with the Government. They do not deposit anything with the Government, any more than a gentleman's footman deposits with his employer. The footman works for his employer. He renders him a service for which the employer must give him wealth. The footman is simply a part of the means of consuming the employer's wealth,

but no part of the means of increasing it or producing it. So that his service makes no deposit with the employer, it gives personal gratification ; that's all. The means to pay the footman must be obtained from entirely different sources. They are not secured from the services of the footman at all. This is exactly true of the Government. Its means to pay its employees is obtained by a levy upon the wealth of the citizens of the country, and not by the products of its own employees. Its employees deposit nothing with the Government. The only deposits the Government receives is from the taxpayers. The greenbacks which the Government pays to its employees, therefore, are not certificates of their deposits of wealth with it, but a note promising that, out of what it will collect in taxes, it will pay them for their services.

(3). The idea that "the greenback is the bank-note of the people's national bank and has all the worth of any bank-note of a private bank" is also imaginary. This is precisely what the greenback is not. The Government treasury is not a bank. It is an iron box or a Government stocking. The greenback differs from the private bank-note or the individual check in this, viz.: that it is a promissory note with absolutely no available assets behind it, while the bank-note is a certificate representing wealth actually in existence and convertible at will to the redemption of the note. In other words, it is a real certificate of wealth deposited, which the greenback is not.

(4). This proposition assumes that the Government can sustain the monetary effectiveness of the greenback, first, by making it legal tender, and second, "by making it the equivalent of gold coin when this can be done." The last clause is very true. The only way the Government, like an individual, can maintain the monetary efficiency of the greenback is "by making it equivalent with gold coin;" and the only way to make it equivalent with gold coin is to have it constantly redeemable in gold coin. Nothing else will maintain that equivalence. Now, this is the kernel of the whole question.

The idea behind all of Mr. Jones' propositions, like that behind the whole greenback movement, is the idea upon which the John Law system was based, viz.: that general property, land or products, is an adequate basis for currency circulation, and that, since the Government has the absolute

power over all property of the nation through its taxing machinery, its promise is the best of all securities for paper money. This assumption involves the very soul of financial heresy.

That paper money is more convenient and more adapted to the wants of modern civilization than silver or any other form of metallic money, is unquestionably true. The difference between coin and paper money, is that the coin is property money, and currency, or paper, is representative money. Now, representative money represents, and it can only be effective so long as its representation is known to be valid. What paper money represents is not property in general, but property that will fill the function of a circulating medium throughout the community.

Property in general will not do this. Land, timber, potatoes, wheat, railroads, cannot be so used. Consequently, they are not the kind of wealth that the representative money represents. It represents wealth of the full economic value of its own denomination; but it is not wealth in general, but a specific kind of wealth that can be substituted for itself as money whenever its own efficiency is doubted. This wealth must be a kind that others will take as a medium of exchange. The only kind of wealth which does this to-day is coin—gold and silver; and in the last analysis, gold. The assumption that because the Government has the unlimited right of taxation, its promise will maintain paper money at par with coin, is a fallacy which has been exploded over and over again in the experience of nations. The Continental government tried that and its legal tender notes went down nearly to zero. Despite the repeated promise of the Government to redeem them in full, it was not until the Bank of North America, followed by Hamilton's Bank of the United States, a private concern with actual assets, was organized and adopted coin redemption, that the value of paper money rose to par. Indeed, as is always the case, it rose to par with coin when it was subjected to daily coin redemption in coin.

This idea that the promise of a government without assets is as good as the promise of a bank with assets ready to redeem, is a fallacy which only fiatists could be expected to accept.

Again, the assumption that the Government has access to

all the property of the nation through its taxing power is only theoretically true. While there is no legal limit to the amount of property the Government may take through taxation, it can only exercise its taxing power with the consent of the Congress; and the consent of Congress is governed by the sentiment or consent of the people. No people will consent to unlimited taxation. Whenever taxation produces a perceptible effect upon the resources of the citizens and cripples industry, they will rebel. Rather than endure taxation beyond a certain point, they will overthrow governments or repudiate public debts. The probability is that there is not a government on the earth strong enough to increase its taxes up to the line of taking an amount of the national wealth equivalent to the total profits of the country. Rebellion, not of the laborers, but of the middle classes, would set in before that point was reached. So that this idea of unlimited power of taxation is largely myth. No government has such unlimited power.

We repeat that the whole conception that a government promise without valuable assets will give adequate security to paper money is a financial delusion; and to the extent that it enters into any financial scheme, that scheme is sure to be scientifically unsound. Governments may well issue property money or coin because such money contains within itself the full property value of its face demand; but representative, or paper money, can never be safely issued by governments as legal tender, because that puts it beyond the test of current coin—redemption—and consequently gives it a fiat character, which is always the dangerous element in a monetary system. Paper money can only be safely issued by banks having valid assets adequate to its coin redemption, and so have the constant process of cancellation going on as the notes become unnecessary, and new issues as they become necessary, thus giving the currency an elasticity which automatically adjusts it to the business necessities of the people. Instead of Government greenbacks being the best currency, as our friend affirms, they are the very worst of all forms of paper money.

The method for regulating the volume of currency propounded by Mr. Jones, which, by the way, he very loyally ascribes to Judge T. Wharton Collins, of New Orleans, is sufficient of itself to invalidate the whole scheme. It proposes that

the Government should arbitrarily regulate the volume of paper money in the country by the volume of retail transactions, making the one equal to the other. Just as if such a thing were possible, even if desirable. Suppose that the Government should print the number of greenbacks equal to the number of dollars' worth of retail business transacted, how would it "shed them forth to the people?" The Government has no way of distributing money except through its business transactions in paying salaries, pensions, etc. This cannot be increased nor diminished by any change in the amount of retail trade unless the industry of the country was all owned by the Government.

The only way paper money, or any money for that matter, can get into circulation is through the business transaction of the people and their relation with the banks, whose special business it is to furnish currency through loans and discounts on purely business principles. To ignore this in the discussion of monetary science is to ignore the chief fiscal fact in the world's experience. Banks and not governments are the only sound fiscal agents for issuing paper money with commercial adaptability and financial safety to the community.

The Ratio of Wages to Product.

BY VAN BUREN DENSLOW.

Economic theory concerning the cause or causes which determines the rate of wages is in no satisfactory condition. In estimating the reasons why the wage rate for like services, say a day's work as a bricklayer or carpenter, is nearly twice as high in a great metropolis like London or New York, as it is fifty miles out in the country, the answer that cost of living is higher in the city than in the country expresses correctly the fact that wages, as between different localities, countries and periods, tend to adapt themselves to the standard of life of that period, country and locality. But what established the standard of life in that country? And is not the standard of life itself capable of being reduced, during famines and periods of commercial depression and general suspension of work, to a lower figure than it maintains in prosperous times?

If the statistical abstract of the United States for 1894 is

true (p. 281), the consumption of raw cotton in making clothing has shrunk from 24.03 pounds per capita in 1892 to 15.91 pounds per capita in 1894, or by more than a third; and the consumption of wheat has fallen from 5.91 bushels per capita for 1892 to 3.41 bushels in 1894, or also by more than a third, cheaper aliments and poorer clothes taking their place.

Roscher shows that in financial crises in Württemberg the severe deprivation of the means of sustaining the standard of life would raise the death rate above the birth rate in the ratio of seven to four. The whole argument in Carey's "Harmony of Interests" relates to the lessened consumption of the necessities of life produced by commercial depressions.

The shrinkage in the consumption of the people, in local famines such as those in Ireland and India, is one of history's mournful pictures. The shrinkage in national consumption in those countries of Asia and Northern Africa which, like Lybia, have in the course of twenty centuries descended from populousness, fertility and wealth to an uninhabitable desert, shows that, when viewed over long periods of time, the standard of life itself becomes subject to great fluctuations, under which populations themselves rise and disappear under causes defined by the fitness of man's environment to nourish his psychic force or energy.

Over these long periods the standard of living seems to have behind it a cause which elevates or depresses it. This is an activity or the reverse of the societary forces of industry, organization, and evolution. As the result of irrigation, a large volume of production causes a large proportion of persons to live in industry or affluence. Enemies invade. The irrigation works are destroyed. Cities disappear. Lybia passes from 22,000,000 people in the Augustan Era to a few hundreds to-day, and Babylon, from a city nearly as large as London, to a waste. During this descent the standard of life falls under the operation of reduced production, and is itself, therefore, a link in the chain of phenomena which produces its own effects, but which, before it produces them, must be preceded by its own causes.

In this large sense the ratio of the aggregate volume of products to the aggregate force of laborers engaged in production, seems to be the most natural cause to which to

attribute a given wage rate. The mistake of the wage fund consisted in regarding a certain part of the capital invested in an industry as being the wage fund, and its subdivision among the number of workers employed as being the wage rate.

It is a valid criticism on this theory that in many cases no capital is ever invested in wages. Before the period of wage payment, the labor for which the wages are paid has already added its tribute to the capital which employed it. The salesman sells goods for cash during the week and is paid at the end of it. In railroading, all the earnings, fares and freights are paid for in cash before the services are rendered, or wages paid. In these cases capital is not paid out in wages at all, but the business collects both profits and wages before they are earned, and pays the wages out of the revenue.

The general rise of wages in labor-saving and machinery-using countries, compared with the rate they bore in the same countries a century earlier, when hand labor prevailed, is the leading economic fact of the nineteenth century. It involves the current rate of wages in some close connection with the quantity of the product. In a crude and national way we may say that, as the quantity of the product per hand expands through machine power the wage rate rises. This would hold true in a broad comparison of the general wage rate in a machine-using country like Great Britain, or the United States with the average wage rate in a non-machine-using country like India, China and Japan. But within the United States it would not be true of a machine-using industry, relatively to a hand-labor industry, that the wage rate is in proportion to the quantity of machinery with which it works in conjunction.

In China bricklayers and carpenters are worth ten cents a day, and in parts of the United States they are worth \$4.00. This shows that the wage rate in a machine-using country is greater than in a hand-labor country, in something like the ratio that machine labor reinforces hand labor and adds to its productive power, which may be roughly averaged at forty fold. But within the United States the wage rate in the machine-using industry, say the cotton factory, has risen less rapidly during the machine period than the hand labor.

Since our Colonial times, a spinner or weaver has risen from 12 pence or 18 pence a day in, say 1630, to \$1.25, while a brick-

layer working wholly with hand labor has risen from the same 12 to 18 pence, Colonial money, to \$4.00 a day. The rise in the wage rate within a machine-using country is far greater in the hand-labor occupations, than in the occupations which use the machinery, though there is some rise in both. It cannot be said that the rise in the wage rate in these hand occupations, is not due to machinery, for it never occurs in the hand-labor countries. Yet in specific occupations it is not due to increased material product, since in the United States the bricklayer of 1895, will lay no more brick for \$4.00, than the bricklayer of 1630 would lay for 25 cents, though the spinner and weaver will spin and weave hundreds of times more. His material product is no greater, yet his wage return is eight fold greater, and it cannot be contended that this rise in money wages is not an actual rise in purchasing power, since his money will, cent for cent, buy more than that of the bricklayer of two centuries ago, in every other necessary of life except land, labor, food and organized capital. In these four articles the purchasing power of a dollar is less in 1895 than in 1795, but a pair of boots which then would have cost him a month's labor now costs him only the labor of a day.

These facts are fatal to the generalization recently made by Mr. Stuart Wood to the effect that the wage rate in machine-using countries is fixed for all the hand-labor industries by the machine-using industries. It is the cost of procuring the work to be done by a machine, *i. e.*, interest on the capital involved and cost of maintenance of the machine. The machine mode of doing being interchangeable with that performing it by hand labor, limits the price of all interchangeable labor to its machine cost. This machine cost, expending itself through the mobility and exchangeability among laborers reaches out like an undulation until it makes a level or wage rate for all labor.

If this were true, then the factory hand whose day's work would have very nearly balanced that of a bricklayer a century ago, would to-day be the determining cause of the rise in the bricklayer's wages. It would only be as bricklayers should find higher wages by seeking work in the factories that bricklayers' wages would rise, since machine power has done nothing directly towards increasing the bricklayers' product. But the bricklayers' wages have risen from eight to sixteen fold, while the factory workers' wages have only risen five fold on

those of the hand spinner and weaver of 1630. This shows that the rise in the bricklayers' wages is clearly not due to any interchangeability with labor that can be performed by machinery, and stands in no definite ratio to quantity of product as compared with that of the bricklayer of 1630 to 1795.

Wages are a variable quantity, though their fluctuations are less rapid than those which affect prices of the products of labor. In a paper founded on our Senate Report on Trade Prices and Wages, read by Prof. A. L. Bowley, before the British Statistical Association, it is deduced from that report, that* "money wages rose from 1860 to a maximum in 1872, 1873 or 1874, then fell to a minimum in 1879 or 1880, but were still higher than in 1860. They then rose to a pronounced maximum in 1883, and after a check continued to rise till in 1891 they reached their maximum of 1872-4."

On page 382, the writer says: "In both countries real wages rose some twenty per cent. between 1860, and the maximum period, 1871-4; money wages rose fifty per cent. in the United States. and between thirty and forty per cent in the United Kingdom in the same period. The rise in real wages was checked in 1879-80 in the States, but continued with little interruption in England; money wages fell to a minimum in 1879-80 in both countries. After 1880 money wages rose continually (with a check in 1886) till 1891, and real wages rose more rapidly in both countries. In England (from the table here given), real wages appear to have been stationary since 1886, but when other trades are included, it is found that the rise has been continuous. In both countries money wages were at much the same level (relatively to those in the same country), in 1873 and 1891, this level being relatively higher in the States than in the United Kingdom. In both countries real wages were higher in 1891 than in 1873, and when purchasing power is thus taken into consideration, the increase in the whole period is found to be greater in the United Kingdom. The relative height obtained cannot be estimated exactly, but our figures lead to the conclusion that real wages increased about sixty per cent. in the United States and more than seventy per cent. in the United Kingdom between the years 1860 and 1891."

* *The Economic Journal* (Br. Ec. Assn.) Sept. 1895, pp. 379-382.

We cite this extract only to the point that the closer investigations of late years are resolving both money wages and real wages (*i. e.*, wages measured according to purchasing power), into a quantity having a value as truly variable as that of any commodity. This knocks out from under all economists that immovable fulcrum of "labor value," by which Adam Smith thought all other values could be measured.

In undertaking to investigate the proportion which wages bears to product, we must at the outset carefully purge pretended statistics of all error. Mr. Mulhall, in his Dictionary of Statistics, falls into a grievous error in his attempt to state the ratio of wages to manufactures produced. He leaves the impression that in the United States only twenty per cent. of the value of all manufactures is paid out in the wages of producing them. The fact is, that in our mode of census-taking, the only wages enumerated in any one table are those of the final process of manufacture. Hence the wages which come into comparison by percentage with the whole value of the manufactured goods, is only the wages of the last process. This excludes all the wages involved in producing the raw materials used in that process, which are usually at three-fifths the value of the finished product before the final process is applied.

Mulhall's title and concluding line of his table, are:

" American wages and manufactures compared."

" Ratio of wages to manufactured product."

	1850.	1760.	1870.	1880.	Average per cent.
Union,	24	19	18	18	20

These figures are wholly false as to each census, the true figures being close upon 50 per cent. instead of those given.

Thus, taking the census of 1880, the figures given for wages do not purport to be the total amount paid in producing the value of products, but only the total amount of wages paid during the year in raising the value of raw materials from \$3,396,823,549, which was their value as raw materials, to a value of \$5,369,579,191, which was the total value of the finished product. The gross earnings, or true contribution of values by the manufacturing industries, was of course only the increase of value which they imparted, which is computed by deducting the value of the raw materials from that of the finished product. We make it :

Value of products,	\$5,369,579,191
Value of raw materials,	3,396,823,549
Earnings of manufacturing industries	\$1,972,755,642
Wages paid in the process of making these earnings,	947,953,795
Surplus of gross returns to manufacturer over wages, only	\$924,801,847

Here it will be perceived that the wages paid in each final process of manufacture, which is the one of which the census is taking sole account, is almost exactly 50 per cent. of the earnings of that process. The wages of creating the raw materials must also presumptively have equalled half their value, since the raw materials of any one industry are the finished product of the last preceding process. As the raw materials involved were \$3,396,823,540, the wages of creating them were \$1,698,411,770. Adding these to the wages of the final process named in the census we have a total of wages involved in the work of production (after capital and plant were supplied) of:

Wages of creating the raw materials,	\$1,698,411,770
Wages of converting them into the finished product,	947,953,795
Total wages bill in manufactures of 1880	\$2,646,365,565

This is about 50 per cent. of the total value of the product instead of the 20 per cent. stated by Mulhall.

One-half the earnings of the manufacturing industries as given by the census for 1880 would be,	\$986,877,821
The actual wages paid were,	947,953,795
Difference between half of gross earnings and wages were,	\$ 38,924,026

A variation from being an equal division of the gross returns, between the wages of labor alone and the employers' share, of one-forty-fourth, or about two per cent.

In short, the aggregate earnings of the manufacturers of Massachusetts for 1880 were under the wage system divided, in the first instance, between employers and employed within two per cent. of what the division would have been if all the employers had put up their mills, capitals and superintendence against the manual labor of all their employees, in the manner known among farmers in America as working on shares, and among farmers in Europe as the Metayer system.

If we take a single branch of manufacture, say that of cotton goods, the census of 1880 makes :

The value of total product,	\$210,950,383
Less raw materials used,	113,765,537
Gross earnings of manufactures,	\$ 97,184,846
Less total wages paid,	45,614,419

Residuum of proceeds of sales after paying wages alone, \$ 51,470,427

Here there is a variation of two and one-half millions from an equal division of a total of ninety-seven millions.

Mr. Mallock, in *Property and Progress*, p. 202, figures the entire joint earning of capital and labor, in Great Britain and Ireland at from £1,200,000,000 to \$1,300,000,000, the mean of which would be £1,250,000,000. Out of this the wages class receive £625,000,000, which is exactly half, leaving a like sum to the receivers of incomes, employers, self-employed and others.

The first point to be guarded against in handling these figures is, the assumption that they deliver to us any criterion, either of the rate of profits or capital, of the proportion of values created which are absorbed by the employing class in consumption, or of the inequality in living conditions between capital and labor.

The owners of farms and stock have usually demanded and received fifty per cent. of the gross annual product of the farm from those who worked the farm with their own labor; yet renting farms at this rate may not net three per cent. of the selling price of the farm.

Owners of whaling vessels, fishing craft and privateers, have in like manner usually demanded and received half the gross captures or "catches" made, while the other half was distributed to captain, mate and crew as compensation for their toil. So deeply seated is this custom, that the courts of admiralty in prize and salvage cases distribute between owners and crew of the salving or capturing craft, on the principle that the capital and risk balance evenly against the labor and danger.

In employments like whaling, the principle of equal sharing of the whole product between all the owners as one body, and all the workers as another, was continually practiced in free competition with the wage system at the rates paid to sailors and masters, and the two came out so evenly that masters and crews would as readily ship under one system as under the other.

In India, in 1878, the gross receipts of all the railways were £10,404,753, and the gross expenses (all of which were labor either primarily or very immediately), were £5,197,815, making the difference between labor's share and capital's share only £109,123, which was one per cent. on the fund undergoing division. Labor took forty-nine and one-half per cent. and capital fifty and one-half per cent., under a system of industry in which each strove to get all that free competition would give, the one as returns, the other as wages. But this fifty per cent. of the gross returns was doubtless only about five per cent. on the capital.

In the United States many of the lines are leased. In the mode of making up the statistics, the rent of the leased lines is set down as part of the "fixed charges" of the operating road. It is omitted from the fund which goes to compensate capital, which is limited to interest on the bonds and dividends on the shares. But for our purpose it should add to these two sources of "income to capital" the rents on leased lines. In this manner "total expenditures" is made to include "operating expenditures" and "fixed charges," and these fixed charges include rent paid for leased lines, which is a form of revenue to capital and not an outlay for labor.

By this economic error the working expenses on American railways appear at from sixty to sixty-five per cent. of the total receipts,* which is not true.

In the mode in which the statistics are returned to the railway commissioners of Illinois, an apparently accurate line is drawn between payments on account of capital and payments of wages and salaries.

In one of these reports railways having a gross income (or joint earnings of labor and capital) amounting

to.....	\$163,656,436.34
Pay in dividends, interest, etc.....	81,720,265.53
In wages and salaries.....	81,936,170.81
Excess of wages over gross returns to investors	215,905.29
Excess of wages over one-half of total joint earnings of capital and labor.....	107,952.64
Variation from equality of division one-sixteenth of one per cent.	

* For this mode of including rent for leased lines among total expenses of operating roads, see Rep. Inter-State R. C. 1880, pp. 57-69.

The economic point for which we contend in presenting these statistics, is not that the whole labor employed in any branch of industry presents a surplus value to its employer on its product, exactly equal to its own cost. The equality varies. In some instances, as in pork packing in Illinois, the share of labor goes down to a third or fourth and that of capital rises to three-fourths. But here other labor than that of the packing employees, viz., transporters and brokers, are paid out of the employer's share. In others, as in dressmaking in Massachusetts, the wages of the employed rise to three-fourths of the joint earnings of employer and employed. But here the employing dressmaker never buys or owns the goods. So in ship building where the builder is merely hired to build a ship for which the owner furnishes him all materials. Here wages rise to three-fourths of the capital invested in hiring the men.

The important point is, that there is in all products a surplus of value over the labor cost, which goes to pay for the services rendered by capital in that process. By some mysterious alchemy society seems to set apart a share, generally about half of the price of every commodity or service, for the payment of the various services comprehended in the word capital. These are, in general terms:

First, contracting for the job in which the labor is to be invested, which amounts to selling short a given number of days of labor deliverable at a given date ahead, in the form of labor product.

Second, contracting for the raw materials, location, machinery and implements, plan of work, superintendence, co-operation of other workers, payment of wages and supplies pending the work, obtaining the capital and paying the interest essential to the whole undertaking, securing a market for the product, including advertising and selling, standing the losses arising from goods not being adjusted to the public taste and from failures of buyers, making increase of works essential to compete with larger rivals, insurance, commissions, etc.

The statistics above produced show that the values or prices of products do, on the whole, usually contain not only the labor cost of every product, but the capital cost as well.

These "capital costs" are usually denominated by the socialists "fleecings," but the instant it is apparent in advance

that these "capital costs" will not be contained in the price of products, industry stops, wages cease to be paid, and the workingman becomes a mere bundle of wants which he cannot quench, and of demands, to gratify which, in his condition of destitution, is crime.

Horseless Carriages in France.

Our consul at Havre, in a September report, says:

"The time seems approaching when automatic road carriages, propelled by steam, electricity, or petroleum, will come into general use and take away from the patient horse the worst part of his daily toil. The odds, at present, seems to be rather in favor of petroleum. A most interesting competition has recently taken place in France between varied specimens of motor carriages. The course prescribed was from Paris to Bordeaux—a distance of 358 miles—and back again, any vehicle to stand disqualified if it consumed more than 100 hours on the road. The big prize of the day—40,000 francs (\$8,720)—was for four-seated carriages, which was won by Les Fils de Pengeot Frères, while Messrs. Panhard & Levasson secured second place with a two-seated carriage, making the round trip in twenty-four hours and fifty-three minutes.

"The winning conveyances were propelled by gasoline, and the rate of speed was about fifteen miles an hour, which is regarded as an extremely creditable performance, the long lines hills being taken into account. These hills appear to have proved too much for the carriages propelled by electricity, of which only one got through, the others having abandoned the contest. One of the steam carriages was brought to a standstill at Versailles early in the race, owing to an accident, and the others lost time by frequent stoppages of five and ten minutes, made for the purpose of taking in coal and water. The electrical conveyances had also to stop, from time to time, to renew their dynamic charges, but the petroleum machines carried enough force for a twenty-four hours' run, and on the return journey the run was made without a single stop. In comparing the merits of the different propelling agents, the palm must, so far, be awarded to petroleum, which is clean and

can be easily carried. The ordinary feeder used for short distances contains less than four quarts of oil, which will last over a journey of twenty miles, or two and a half hours. For long distances, a receptacle capable of holding enough petroleum for a run of at least twenty or twenty-four hours is provided.

"We hear also of bicycles propelled by petroleum, in which great interest has been exhibited, and half a dozen of such machines started in the race to Bordeaux, one, at least, holding its own among the larger vehicles. It is believed that light petroleum bicycles, tricycles, and even four-wheelers, will soon come into general use, which will tend to relieve lady cyclists from the necessity of wearing short skirts. Altogether, it seems that petroleum is destined to become the popular agent for solving the problem of traffic and conveyances without horses in the streets of great cities and on smooth country roads.

"It has already made astonishing headway in the uses and industries of the world. In Japan, it has become almost the sole illuminant, and on the Caspian Sea the Russian steamers burn nothing else for their engines.

"In commenting on the success of the horseless vehicles propelled by petroleum, in the race between Paris and Bordeaux, a leading English journal says :

Why is it that we are so slow in this country to take up improvements of such immense social importance? Ours is the land of machines and machinery, of skilled inventors and colossal enterprises, yet in many respects England lags behind the whole civilized world in availing herself of the discoveries of science. There is not as much use made in the whole of London of the telephone as in one single quarter of Washington City, and there are prairie towns in the West of the United States more magnificently lighted by electricity than the best street of London. Electric tram cars and tram cables may be seen in many and many a city abroad, while here they are still novelties. Years ago, the tourist might have watched a detached electric or petroleum phaeton quickly threading the thickest crowd of carriages in the Place de l'Opera, at Paris; and now we have Frenchmen again, instead of the countrymen of Watt and of Stephenson, acting as pioneers to the new age which will certainly effect the deliverance of great cities from horse traffic, and of horses themselves from a cruel and destructive use of their strength.

It is a circumstance which has been frequently commented on, that there are no horseless conveyances other than cycles and a few cable tram cars in London. The reason is said to be that the law restricts the adoption of horseless vehicles in England to a very great extent. They are all subject to conditions upon which alone locomotives of primitive construction, steam rollers, etc., are suffered to go through the streets. A man must go before with a red flag, and the speed must be under four miles in the country or two in the town. The restriction was probably very well before the days of rapid transit, and it may be very well yet in its application to heavy locomotives. It was no doubt intended to guard against accidents due to the frightening of horses. But horses, like human beings, soon become accustomed to new and strange sights, and are nowadays seldom frightened even by the railway locomotive; besides, it is absurd to class a light carriage with a road locomotive or steam roller, because its motive power is steam, gas, petroleum or electricity. But since the successful experiments recently made in France, London seems to have caught the gleam of a ray of hope that horseless cabs and omnibuses may soon be seen in her streets. Mr. Shaw-Lefevre, president of the Local Government Board, has introduced into the House of Commons a bill intended to permit such carriages to be used, and they will no doubt soon become a common sight in the streets of London, as they are now in the streets of Paris, Havre and other French cities.

“C. W. CHANCELLOR, Consul.

“HAVRE, June 24, 1895.”

The same anxiously expected event is discussed in a leading editorial by *Industries and Iron*, London, August 9, with the conclusion that it is close at hand, but that the mode of propulsion of these vehicles, contrary to common expectation, is not likely to be electrical, under present conditions, at least. The most probable means of propulsion seems to be the petroleum motor. We quote below a part of the editorial to which we have referred :

“The inauguration of the horseless vehicle as a means of every-day street and road transportation now appears to be close upon us. France, much to its honor, has taken the initiative in this matter, and has been the means of bringing the whole question from a speculative to a thoroughly practical basis. The recent trials have proved that the present type of locomotive carriage is, even at this early stage, a thoroughly

practical and economical vehicle. The process of evolution, by which the early form is gradually stripped of encumbrances, simplified in mechanism, and trained down, as it were, of superfluities, will, in the usual course of events, apply to the auto-vehicle; and from that point of view we are enabled to forecast, from a consideration of the present foremost form, what a thing of beauty and docility of management the future self-propelled carriage must come to be.

“The most important lesson which, after the demonstration of practicability recently afforded in regard to these conveyances, is that which relates to the use of electricity as a propelling power. In this country comparatively little attention has been given to any other power but this, in connection with new means of transportation. But it must be confessed that it has now been proved signally that at present, at least, electricity is completely out of the field for road carriages of every description. Road electric traction depends upon the storage battery: that is to say, upon a cumbrous, heavy, and wasteful source of energy.”

After bestowing passing notice on the company that proposes to establish a line of electric omnibuses between Hammersmith and London—a company which it evidently regards as intended to operate merely on paper—the editorial goes on as follows:

“It is the unanimous opinion of those whose experience in the manufacture and use of the storage battery render their testimony unchallengeable, that any form of road traction whose propulsive power is based on the storage battery must necessarily result in a failure. The company which has been referred to, and which may or may not make in the future an appeal to the public for capital, stands, of course, on this footing. Yet it has now been demonstrated in the most decisive manner possible that accumulators cannot compete with petroleum motors. With all the sympathy in the world for the advance in electrical science implied by its title, we feel we are only expressing the general consensus of qualified opinion when we say that ‘electric traction on common roads,’ based on the storage battery in its present form, stands foredoomed to disaster.

"The storage battery in its most favorable aspect involves a weight of between 200 pounds and 300 pounds to produce a horse-power-hour. It is manifestly useless for electricity in this shape to attempt to compete with a prime motor weighing less than quarter of the electrical apparatus required; and so far, though the weight of the storage battery is gradually being reduced, there is no prospect of such a diminution as will place it on equal terms with its competitor. At the same time it is by no means to be supposed that electric-road traction is nothing more than a remote possibility. The best advised on this question are full of confidence in its inherent practicability. But the end must be worked out by experiment thoroughly before discrediting the whole enterprise by pushing forward half-digested schemes bound to end in failure."

Economics in the High School.

BY PROF. JOHN HOLLEY CLARK.*

It is not in disparagement of the study of classics, mathematics or sciences that I enter a plea for the study of economics in the high school. This ought we to do and not to leave the others undone.

It is easy to understand why the study of economics and civics was formerly neglected, while it is now forging rapidly to the front. The nature and range of subjects pursued were derived from England and other countries where it was not necessary, or expected, that the common people would ever have need of a knowledge of the state, and of those industrial and political principles which are the foundation of the highest national prosperity. The privileged classes were expected to rule—the people to obey, and to be occupied with their daily vocations, whether sacred or servile, high or low.

But this is the age of the people, the era of good government clubs and independent political action. It is not enough that the *leaders* of parties should know, or think they know, but the people themselves must be trained to think, and fitted to form intelligent judgments concerning the wisdom of the different policies that are presented for acceptance or rejection. And

*A paper read Oct. 18, 1895, at Boston, Mass., before the Norfolk County Teachers' Association.

where can the key to this ability be given better than by proper instruction in the high school? To be sure, the subject is broad and difficult, and the college student will have greater maturity for comprehending it. But only a small percentage of high-school pupils take a college course, and the importance of the subject demands that it should not be limited to these few. Even grammar-school pupils should have the benefit of this instruction, so far as their power of comprehension will allow.

Like all other subjects whose truths are based upon the proper study and interpretation of phenomena, economics must take its chances of being correctly apprehended and taught. Physics was taught before Newton discovered the law of gravitation, and astronomy was taught for centuries according to the Ptolemaic system. Adam Smith is the father of modern political science, and the year 1776 is marked in history by the appearance of "The Wealth of Nations," as an event only second in importance to that of the Declaration of Independence. As the title of the book indicates, material wealth is regarded as the object to be attained. But the modern idea, while not underestimating wealth, makes it subordinate to the welfare of man. Not wealth, but weal. Adam Smith thought that wealth is procured mainly by abstinence and self-denial. We now understand that, while abstinence and self-denial are noble if endured for the advancement of a high purpose or a just cause, one of the chief factors of civilization is the development and gratification of human wants. While in this process there will be desires for many harmful things, yet people here as elsewhere, will learn to discriminate by trial and experience, and the good will remain while the evil will be abandoned. "What is excellent is permanent," says Emerson. As Milton in his defence of free speech showed that truth will prevail over error in a free and open conflict, so we may expect that in the multiplication and rivalry of desires the good will supplant the bad. A returned missionary, in accounting for the failure to bring a savage tribe to the acceptance and practice of the Christian religion, once said that these people seemed entirely satisfied with the food which the spontaneous products of nature afforded, with their nakedness, their ignorance and their superstition. Said he,

"The great want of these people is a want." In the multiplication of wants the outcome is material comfort, refinement and beauty in home and public life. And these are certainly favorable to true piety and to public and private virtue.

Adam Smith and the economists who followed him, notably Ricardo, left out of their calculations the workmen as consumers and objects of especial care. The rich and the well-to-do, whether at home or abroad, were to constitute the consuming class, and low cost of products was to be obtained by securing labor at a low price. Hence arose the temptation which, supported by the Ptolemaic economics of the time, could not be resisted, to fill factories with paupers from the almshouses, and to compel women and children to work fourteen to sixteen hours a day for a pittance and under cruel and disgraceful conditions. Ricardo announced and boldly defended the maxim as one of permanent application that "Profits fall as wages rise, and rise as wages fall." And this theory is held to-day by many so-called economists. A recent writer in *The Forum*, in an attack upon the policy of fixing by law the wages of laborers employed by municipalities, brings forward the old notion that profits are the leavings of wages. Such a doctrine, like the one advocated by Mr. Powderly, formerly at the head of the Knights of Labor, that machinery diminishes employment, and that other doctrine that prices of commodities and of labor depend altogether upon what is called the law of supply and demand, are the result of superficial observation and thought, and arise from confusing minor influences with true and permanent causes.

Sir John Byles has said : "A science of political economy will yet dawn which will perform as well as promise, a science which will rain the riches of nature in the laps of the starving poor." "Men do not yet dream of the prosperity which is in store for all orders of people." And this philosophy is now dawning. It is not designed for the benefit of the aristocracy, or even of the middle class, but for the benefit of the whole people. It is democratic. It is American. It seeks cheap things, not by low wages, but by labor-saving machinery, by harnessing nature to the service of man. Natural forces cannot be economically applied if the market for the product is small. Nature is democratic and will work economically only for the

masses. Steam, electricity, even water-power, cost more than hand labor if only a few are to be served. Consuming power must be furnished by the laborers themselves. The secret of economic welfare is the development of social wants and a high standard of living among the laboring classes. High standard of living and strong character result in effective demand for higher wages, which, in turn, mean higher consuming power, making labor-saving machinery profitable and allowing shorter hours to the laborers themselves. The leisure resulting from the laborers' successful demand for shorter hours, develops complexity of social life and new wants calling for new products of manufacture. Labor-saving machinery, feared at first by the laborers themselves and demolished by mobs, is found in the end to be their best friend. And under the conditions which accompany and render profitable labor-saving machinery, employment and wages are both found to increase. The reverse of Ricardo's maxim is found to be true. Profits rise as wages rise, and fall as wages fall. Things become cheap and man becomes dear.

While competition is most important and salutary, and the relation of supply and demand does *affect* prices, prices do not depend in the main upon these causes. Price depends upon the cost of the dearest portion of the necessary supply; and wages depend upon the cost of labor, which is measured by the standard of living of the most forceful laborers employed or what they consider necessary to their mode of life. Wages are only ten cents a day in China, because that sum is sufficient to support a Chinaman according to the manner his habits and character demand. Railroads do not exist among the Chinese because they are content without them—would not use them to any extent if they had them. So few would ride that the average cost of carrying a passenger a mile would probably be greater than by any other means of conveyance. The statement is often made that the Chinese are so poor because China is so thickly inhabited or because the people cannot get access to the land. But what reason, then, would be given for the poverty of the North American Indians, who, when Columbus discovered America, possessed the whole continent and were probably not more numerous than they are to-day? No. The wealth of a nation depends principally upon the character or force of the people constituting the nation.

The wealth which nature bestows upon those who truly seek it is not yielded to the weak, and to those whose desires for the best things in life are undeveloped. Wealth, like the kingdom of heaven, suffereth violence, and the violent take it by storm. The natural state of the nation which so feebly resisted the invasion of the Japanese is poverty and degradation. Laws, institutions, customs, if imposed from without, cannot avail to change the condition of a nation, except as they afford favorable opportunities which the people themselves will embrace for changing and developing their character. For the Chinese the best thing that can happen is to be brought into contact with the civilization of other nations. Chinamen have no need of protection against the social and industrial life of other nations. The best protection for them would be, if possible, protection against themselves. But just as the high and strong in morals and character need, for the accomplishment of their work in life, protection against those who are low and weak in these respects, and no harm comes to the latter class from the former, so high social life and a high standard of living may justly claim protection against what is lower in other countries. The high civilization of America, indicated by its high wage level, needs protection against every other country on the globe, but no other country needs protection against it. While it is not the duty of government to do for the people, it is its duty to guard and protect them in doing for themselves.

To a nation that trusts in God and goes forward with courage to possess the land, almost all things are possible. Nature responds to the demands of man in wonderful ways, and to people of enterprise and force it opens its treasures as they are demanded. Malthus feared that, population increasing in geometrical ratio, and the means of subsistence increasing in arithmetrical ratio, a fearful catastrophe would follow the pressure of man upon the means of subsistence, and therefore he thought it important that the growth of population should be checked artificially and unnaturally. But all such fears are vain. The more people the better, if they are only of the right kind.

Modern economics is hopeful. It is optimistic. It sees beyond the evils resulting from the introduction of new forces, the wonderful benefits which will eventually arise from them. It recognizes that some of the true functions of trusts are the

cheapening of products through the economies which large and well-managed enterprises render possible, and to give regular employment through a greater portion of the year, and an income that is reasonably certain, to a large number of workmen. The trades union is the engine by which associated labor is enabled to cope on equal terms with associated capital, and to enforce its just demands. And as wars become less frequent, as its engines become more destructive, so labor disputes will become less frequent as each party recognizes the immense loss which may result from conflict with the other.*

Rent, interest and profits are three forms of the surplus arising from one person's producing something or furnishing it for human use at a lower cost than that of others. Each is alike equitable. Henry George's argument against the equity of rent is less strong than Karl Marx's against the equity of all profits. But each is alike fallacious. Rousseau, Proudhon and their numerous followers held that all "property is robbery." Belief in the right of private property is now, however, so firmly and generally held that no argument need be presented in its favor. Even large fortunes need not alarm us. For the only way that they can be permanently and profitably invested is by serving the community through the building of railroads or factories or in some other enterprise, the outcome of which is not only to add to the comfort and refinement of social life, but also to give employment to large bodies of wage-earners. While the motive of a man who gives employment to others for the sake of profit to himself, is not so high as that of one who gives alms, the practical good that is done is even more in the former case than in the latter. And the time is coming when business perhaps conducted in most respects as it is now, will yet be conducted with higher and more altruistic motives, each capitalist and laborer in his own place thinking, not immoderately of his own gain, but rather of the benefits his work

*And at the same time a willingness on the part of each side to hear and give due consideration to the claims and arguments of the other, a spirit of mutual concession, an understanding of the principles of economics, and a recognition of the fact that the interest of one party is the interest of both—not enforced arbitration, but voluntary arbitration, which is the only true and effectual arbitration—will do much to prevent both strikes and lockouts.

will confer upon others, and being elevated and ennobled by the thought.

A great many persons are distressed about inequalities in fortunes. But this is in accordance with what analogy would lead us to expect. There is never equality in positive qualities. Approximate equality may be and has been found in ignorance, in savagery, and also in poverty; but as nations advance in knowledge, in civilization, and in wealth, greater and greater disparities appear, although there has been an advance all along the line, and perhaps the lowest in the present condition has been lifted above the highest in the former state. The humblest artisan to-day has more comforts than the king of England possessed in the thirteenth century. (Henry II. slept on a bed of rushes.)

Such in brief are the teachings of the New or American School of Economics. Some of its truths, however, are only dimly recognized by the majority of thinkers, especially those who follow the guidance of the English middle-class economists.

The bane of economic discussion and thought is to-day what it was for natural science prior to the time of Lord Bacon. Certain fundamental ideas are accepted on insufficient data, or are assumed as axiomatic, and then these false principles are carried out to their logical conclusions without regard to facts. If the full significance of facts seems to oppose the deductions of the theoretical reasoner, his attitude seems to be, so much the worse for the facts. They must be denied, ignored or explained away. If a free-trade philosopher holds it as a fundamental principle that the full amount of a tariff duty is necessarily added to the price of both the imported and the domestic article, he will not be staggered by the fact that in some large lines of manufacture the total price of the article has been less than the duty alone. If the doctrine of wages is that they are determined by what a man can produce on the best no-rent land that is obtainable, and that, since the product of no-rent land is continually diminishing through the increasing ownership of the better land, wages must diminish accordingly, he will deny or refuse to give serious attention to the fact that wages, as shown by all statistics, are steadily rising and that the laborers in cities do receive far more in real wages than

they could earn on the margin of cultivation. A theory that is opposed by facts, does not explain them, or is unsupported by them, must be discarded, and a new theory must be found which will meet the true conditions. And such a change of theory should be made freely and gladly by the truth-seeker.

Economics and philanthropy go hand in hand. But even the purest religious principles, as they have been imperfectly applied by men, have not resulted in a successful economic condition. Pinching poverty was the outcome of the misapplication, at Jerusalem, of the law of Christian love in the experiment of selling all one's possessions and having all things in common. God has left to man the investigation of those phenomena out of which arise such sciences as astronomy, geology, economics and sociology. And the man who obtains all his economics by making deductions from biblical statements, makes as bad use of the book as one who takes it as his text-book of astronomy. So-called "applied Christianity" will not single-handed bring in a social and industrial millenium.

Industrial history is the handmaid of economic philosophy. It is of first importance to know what the facts are, and the pupils in our high schools should be taught to investigate for themselves, to compare fact with fact, and to test every theory by its ability to explain economic phenomena. The subject, when taught in this way, becomes of the highest use in cultivating powers to observe, to compare, to correlate, and to draw conclusions. Openness to the truth and a willingness to examine the claims of a theory in spite of the denunciations that may be heaped upon its advocates, should be inculcated, for upon this foundation rests the hope of wise statesmanship.

The teacher needs to read widely and to think courageously. He must desire to lead the pupils intrusted to his charge to discover the truth for themselves, rather than to commit them to the acceptance of a theory which, while it may have the sanction of a long line of eminent authorities, is unsupported, if not contradicted, by the vast array of economic facts which statisticians are now continually collecting and promulgating.

No study begun in the high school furnishes a broader field for investigation and thought in future years than that of economics. It should not be made a dry subject, a dismal

science, but one full of inspiration and pulsating with life and hope. And if begun in the high school and prosecuted in after life in this spirit, we may have the fullest assurance of the perpetuity of our institutions, that the people of our land will be true citizens and sincere patriots, and that our statesmanship shall be based upon such principles as will conduce to the true and highest welfare of the nation.

The Great "Kaffir" Boom.

The surprise of the month has been the fact that the great South African gold speculations in London have not collapsed. Under the influences of extensive Paris purchases, the boom has resumed its upward path, and its final collapse is still in the future. The speculation cannot fail to have the most important effects. Among these are the diversion of much European capital from America, which would otherwise come here, the stimulating of a rapid emigration to Africa, and the absorption of much capital from productive employments to the work of increasing the world's supply of gold. Already the experts are calculating that, if the indications afforded by the past two years hold out, there may be dug from the Kaffir mines within a few years as much gold as is contained in the entire estimated stock of gold coin now existing in the world. Such a result could not fail both to send the value of gold again below that of its former ratio to silver, and at the same time to render silver even more unnecessary than ever as a means of payment. For even if gold should again go down to a value of 1 to 16 in comparison with silver, or even 1 to 12, or 1 to 8, still, if its abundance were twice as great as before relatively to commodities, its quantity would be twice as ample to affect the world's exchanges alone without the help of silver.

The facts are well stated in the daily press, and we, therefore, quote liberally from their stores. The *Mail and Express* publishes tables of production, showing that the yield of gold in Africa, in ounces, has advanced at the following unprecedented rate :

1887	1888	1889	1890	1891	1892	1893	1894	1895 1st 6 mos.
23,155	208,122	369,557	494,817	729,238	1,210,867	1,478,473	2,024,159	1,313,000

The total number of ounces of gold taken from the Witwatersrand district since operations were commenced up to Aug. 1 of this year is therefore 7,851,388. Figuring an ounce as valued at £3½, the value of this gold has been nearly \$148,000,000.

Official estimates of the amount of gold put out by all the African fields vary. The production for the last full year, 1894, as fixed abroad, was valued at \$37,988,076, and of this \$30,412,782 came from the Rand. The number of stamps in operation was 2,300, and this year there are 2,600, upon which is based an estimate of a production of over \$50,000,000 gold in 1896.

The production of the United States in 1894 was \$45,892,668, so that at the previous rate of increase Africa may lead America handsomely from now on. There are not lacking prophets to say so, or to go even further, and picture the time when gold may become a subsidiary metal to silver, for a well-known London F. G. S. gives it as his scientific prediction, based on extensions contemplated, that the yearly Witwatersrand output before the close of the century will be \$125,000,000, and that there is still gold to be dug from this stretch of land, less than fifty miles in length, to the value of \$3,500,000,000 or more!

Perhaps, now, it is no wonder the astonished compatriots of this worthy F. G. S. are anxious to put up \$1,500,000,000 capital to secure this treasure. They may not yet have had time to deduct the interest on their money meanwhile, or to consider a sinking fund to replace the capital when the mines are worked out, or figure the amount of this treasure to go for expenses, or, before all, the depreciation in the value of gold which must come from over-production; and it is this last problem which must finally most concern the United States.

Will the growing increase in the world's gold-holdings bring about first an inflation of all values, while the yellow metal is the standard, and then will statesmen be confronted with a gold question, instead of a silver question?

It will be time enough to go into this discussion when the economists have gotten fairly under way with their opinions. The shrewdest financiers in Wall street are, however, already giving deep thought to the possibilities which they do not consider so remote as to be disregarded now.

The first question as to the future of the Rand is that of the depth to which the mines may be worked. Some engineering experts believe that digging can be carried on as far as 5,000 vertical feet, or a distance of several thousand feet more, through the inclined strata, without material increase in expenses, although doubts are still raised as to certainty of finding the same richness as in the conglomerates mined near the surface.

Improved machinery which is being introduced makes it profitable to mine ore giving only five pennyweights of gold to the ton. Where half the gold was formerly extracted 80 per cent. and over is now secured. The average yield is about $11\frac{1}{2}$ pennyweights per ton, or about \$11.40. The average cost of mining and extracting has been about \$7.25 per ton of ore, so that the profits per ton have been from \$7.15 to \$7.20 on the average. It has been roughly stated that a mine may have a life of thirty years, ten of increase, ten of maximum returns and ten of decline.

Labor is expensive in the Transvaal, as would be naturally expected in a rich mining country and the political complications in the republic are unfortunate. There are about 6,000 English and 42,000 native laborers in the Witwatersrand, whose wages aggregate \$15,000,000 a year. The coolies and colored laborers have learned all there is to know about "agitation" and strikes, and carpenters, masons, engineers, fitters, etc., command £1, or about \$5, per day. Cooks receive from \$40 to \$50 a month, house girls from \$25 to \$30, and others proportionate wages. Needless to state, living in Johannesburg is costly.

There are two methods of securing mining properties in the Transvaal. For a few shillings a month, paid to the republic, a claim may be held as a depositing site. If the prospector declares his property to be a mining claim, he pays to the treasury twenty shillings per month. There are few opportunities now for adventuresome spirits to lay hold upon rich auriferous South African territory in the explored districts. Claims are pegged for a distance of fifty miles around likely spots.

It was by securing and not working claims on the Rand that some of the present most prosperous companies made their money, "Exploration and exploitation companies" were

first organized by men like Barnato, who went to Africa from the stage of a London variety theater upon which he did a turn as a juggler. These companies were known as "parent undertakings," and they have had a remarkable progeny. The claims of an exploitation company were divided up in groups, and subsidiary companies were formed to dispose of them or to actually dig the gold from the mines they represented. Some of the original companies have a score of grandchildren. Each one of the offspring was obliged to give a part of its capital stock to the parent undertaking, and the stockholders received the balance in return for their cash contributions. The dividends on the stocks in subsidiary companies which have gone into the treasury of the parent company have enabled the latter to pay such dividends on its own original stock. The process of subdivision is now going on *ad libitum*.

It is a curious fact that the Dutch Boer has little share in the transactions which have enriched Mr. Barnato, and that his benefits from the boom have come to him indirectly rather than directly. The gold mines are owned by foreigners, and worked by foreigners, who, as has been said, have no share in the government which protects their property. Yet with the indirect revenue of the mining, the Boer Government has built railways, telegraphs and schools, and maintains all the accessories of civilization.

The head of this curious minority government might fairly be called the Bismarck of Dutch South Africa. He is President Paul Kruger, a man without education, but possessed of an indomitable will and the genius of government. It is his hand which, aided by the marvels of nature, has raised the Boer Republic from a petty and impoverished province to the rank of a nation. Kruger, himself grossly ignorant of books, had the sense to attach to himself a young law student in Holland, in whom, with certain instinct, he descried the elements of strength as well as ripe culture. These two, Kruger and Dr. Leyds, maintain the anomalous governmental conditions which are found in the Transvaal, but nowhere else on earth.

They have made their country rich, but are themselves comparatively poor. Their joint fortunes would not equal the amount which Barney Barnato may win or lose by the fluctuation in Kaffirs of a single point on the London Stock Exchange.

Life in Johannesburg, the metropolis of the Kaffir mining country, is just now unique. The town is reached by a railway journey of sixty hours, covering only 1,035 miles from Cape Town. If this seems slow, it is the speed of a "Flying Dutchman" compared with the old days before the mining town, when the distance was accomplished in a month's "trekking."

Besides whites of all nations, there are in the town Chinese, Malays, Hindoos and a miscellaneous assortment of Orientals, besides the native Kaffirs. These latter the Boers, unlike their English neighbors, do not allow to vote or hold property, but rule with a hand of iron, punishing them for all offences mercilessly with the lash.

There is the usual contempt in border towns for small change. A penny is a curiosity. You cannot buy even one postage stamp, but must take at least three, laying down the exact amount on the post-office counter.

The Netherlands Company owns the forty miles of railroad connecting the Free State border with Johannesburg. Not long ago a circus company had to pay as much to this company for their forty miles as it had paid for the previous 1,000 miles from the coast to the border. But the investment brought good returns, for the circus opened the first night to \$2,500, in spite of the fact that there were three competing shows "turning away business." In the same week a racing meeting was held, at which \$25,000 was given in prizes and five times that amount was handled by the bookmakers.

The town has three daily and three weekly papers, of which the lowest price is six and the highest twelve cents.

An evident effort is on foot to interest Wall street in this South African boom. A new monthly, called the *International Trade*, gives the entire space of its first number to the export inducements offered by South Africa to American merchants. Thus far, however, Wall street has not been affected by the South African fever, and it is to be sincerely hoped that it will not. America can well afford to let London and Paris have a monopoly of this Barney Barnato craze, which, though it may enrich a few, is sure to end in a collapse involving the ruin of large numbers, and may cause a serious financial disturbance in those countries.

There is a group of moneyed men in Lombard street awaiting the favorable moment to prick the bubble and bring about a crash in the price of Kaffirs. These are the jobbers, a kind of speculative middlemen unknown in this country. London jobbers are usually let in on the ground floor when any great amount of new stock is to be floated. They are men with large capital and will purchase large blocks of stock, afterward to be disposed of to the smaller buyers in the open market. The Kaffir promoters have, however, ignored the class, and the craze has become so general that they find it possible to sell immense blocks of mining stocks direct to the public. The jobbers have lost an opportunity for heavy profits and are correspondingly vicious. They are ready at any time to assist in making loaning rates on the stocks prohibitive, to help along a scare or to pound the market when it shows signs of toppling. Heretofore when prices weakened or dangerous difficulties were threatened on Contango days, which begin to-day, the promoters have come to the rescue with their millions. How long they will tide over the weak, or when they will decide the smash must come and will gather in their cash, no one can tell. "Barney" announced with a flourish recently that he would lend \$100,000,000 of his money on Kaffir stocks if it became necessary.

But "Barney," before everything else, is a juggler. And the Kaffir craze is, above all, a modernized South Sea Bubble.

The *New York Herald* gives a graphic sketch of this new *fin de siecle* Rothschild :

The head and centre of all this financial system has been "Barney" Barnato, the circus man. He made his beginning by a small but fortunate investment in Kaffirs, which yielded him the returns of an Aladdin. With the full courage of his good luck he rushed in again with all his winnings, and returned a millionaire. In a delirium of bravado he played again and again, always winning.

To-day he is seriously set down as a man worth \$100,000,000 or more. One of the smallest of his assets is a bank which was originally capitalized at \$12,500,000. The capital stock is now valued at \$45,000,000. The \$5 shares opened at a premium of from \$15 to \$20. They are now beyond price.

This is against the rainy day which may come. Most of

Barnato's wealth is in the Kaffir stocks, in which he originally gambled on margin, but which he now owns outright. If he could sell these properties at their market value he would, without doubt, have more money than any other man in the world. He could not, of course, negotiate so huge a transaction without precipitating a panic and destroying the value of the property.

This end-of-the-century Aladdin is not exactly the conventional king of finance. Neither is he of the "Coal Oil Johnny" type. With a thousand and one daily distractions and annoyances, he is a good fellow. Raised suddenly from obscurity to an eminence for which most men are striving, he is not puffed up. At his office in the city he is as inaccessible as the Emperor of China. At the West End town house, which he has leased from Earl Spencer, he is at home to all comers. To all his friends he is "Barney," and everybody is his friend.

His favorite, and indeed only, reception hour is the hour of breakfast. That meal he takes with his wife and a thoroughbred bulldog. Mrs. Barnato is a tall brunette whom fortune has in no way spoiled. Hospitality is her religion, and her husband is its prophet.

A great man must have at least one eccentricity. Barney Barnato's is his socks, which he wears of white silk.

The wicked have no rest, nor the new-rich any repose. Even at his breakfast table Barney is besieged. To him at that hour come all the cranks, and beggars, and flatterers, and wild-eyed projectors. He sees them all.

An English reporter who was admitted to this levee the other day found himself one of an incongruous crew. One man had come with well-nigh a continent of land to sell—it only needed developing. There was a woman with a choice bit of old lace. Several gentlemen who had written highly meritorious plays were present to represent that they needed only a little capital to enrich the dramatic firmament. Some "pals" from the city had dropped in to ask how the new Aladdin was, after the night's banquet. Some old professional friends of the circus days had a warm corner. And there were others.

To one and all of these Barney talked in turn, managing the while to advise his wife, play with his dog, counsel his son, and admire his pretty daughter. The swift dismissal of busi-

ness, great or small, is one of Barney Barnato's many strong points.

The Transvaal, in which his famous properties are situated, is not even under British dominion. It belongs to the sturdy Dutch Boers. Johannesburg, the metropolis of the republic, is a town of 80,000 inhabitants, but it is ruled absolutely by 20,000 Dutch burghers, the remaining 60,000 whites and blacks having no votes.

Life in this curious town of Johannesburg is just now a reflex of the feverish existence which Barney Barnato and his devotees are leading in Europe. The town is not of the ephemeral character of Mark Twain's Virginia City, nor has it the roughness of the diamond camps at Kimberly, or the gold mines of Ballarat in Australia, consisting, in the main, of long streets of tin shanties. There are, nevertheless, not a few residences deserving to be called mansions, numerous stores, banks and theatres of solid construction, and a hospital which is the pride of the town.

Editorial Crucible.

THE NORTH RIVER BRIDGE COMPANY has been favored by the vice-chancellor of New Jersey with a decision to the effect that the act of Congress authorizing the bridge confers on the company all needed authority to condemn land for its terminals and approaches, without any State legislation from either New York or New Jersey. If a similar decision shall be rendered by the New York courts, or by the United States Supreme Court, the legal powers of the corporation would be assured.

The bridge of the North River Company will cross the river by a single cantilever span 150 feet in height in the clear, and 2,700 feet in length between its abutments, extending from Hoboken heights to the foot of 23d street, and thence over the intermediate blocks to the great sextuple block bounded south by 25th street, north by 28th street, east by 6th avenue, and west by 8th avenue. It will cost forty millions of dollars, occupy five years in erection, and have space for bringing over the whole passenger traffic of the ten great railways that now reach New York City from the west, landing at Jersey City. It will exercise a great influence over the future of the west side district from 14th street up to 34th street, and from the river back to 5th avenue. This will become the point of location for the wholesale merchants seeking to reach the traffic of the buyers who reach the city by the western and southern railways.

MR. E. R. PRESTON, the present director of the mint, has had himself interviewed regarding his forthcoming report. He announces with great assurance that we are to have a flood of gold which will insure a return of prosperity, "When you have an increase in the production of gold," says Mr. Preston, "you will surely have an increase in the money of the world. When there is an abundance of money in circulation, prosperity prevails. The more money we have, the more money we spend."

This securely places Mr. Preston in the dunce row on the subject. The increase in the production of gold is no assurance of an increase of money in circulation, or of money at all, for that matter. The mining of gold is simply the production of a commodity, just the same as the mining of silver, coal, iron or copper. It will continue just as long as there is a mar-

ket for it : and whether it will go into the arts, in watch cases, chains and gold-bowed eye glasses, or into gold dollars and pounds sterling, will depend entirely upon the demand for those things. One might just as well say the more silver there is, the more money there will be in circulation. Money gets into circulation through the demands of business, not through the production of gold. It is the revival of business that will set money in circulation, not the minting of money that will create this business prosperity.

Prosperity in gold mining helps the prosperity of the country, because it is one more industry that is prosperous. The prosperity of the cotton industry, or any other industry in which a similar amount of labor and capital is employed, would have the same influence on national prosperity. The opinions of the director of the mint on the actual financial and economic workings of the community seem to be about as worthless as were the predictions of Carlisle and Wilson regarding the effects of the Wilson bill on revenues and business.

THE New York State League of Republican Clubs, at its recent convention at Binghamton, did the highly and exceptionally creditable thing of declaring itself in favor of the principle of national labor insurance. This was a real step forward, as it was the official recognition of a distinctly new phase of social advance. The labor movement has many offensive phases, but it is a veritable social movement, nevertheless, and one which will continue to inflict itself upon a sluggish community until it receives adequate recognition and effective treatment.

The soundness of the insurance principle is now scientifically demonstrated, and is adopted by the well-to-do and business classes in all civilized countries as the immense success of the wealthy insurance companies conclusively prove. The idea of extending the operation of this principle to the laboring classes has already received some recognition in Germany, France, and even in England. As might be expected, it is associated in Europe with altogether too much paternalism.

In this country, however, the principle, which is itself entirely sound, must be stripped of its paternalism and applied

on the democratic, individualist basis, which is as feasible as democracy itself. All that is necessary is that the subject shall receive the attention it deserves, and a perfectly workable system of democratic, national labor insurance be developed. The success would do much to solve the essential features of the labor question. We are glad that the Republican Leagues of New York State have shown their progressive spirit by being first as a political organization to recognize the significance and feasibility of this important question. The Binghamton convention is entitled to the congratulations of every wage laborer in America.

It will be remembered that in the SOCIAL ECONOMIST for August we called attention to the statement started by a Boston trade paper, the *Wool and Cotton Reporter*, and then going the rounds of the free-trade press, about the large number of new woollen mills that had been established as the result of the Wilson bill. We then doubted the validity of the statement, and challenged the *Philadelphia Record*, *Springfield Republican*, *Evening Post*, and the *Wool and Cotton Reporter*, and any other papers making the statement to furnish the facts upon which it was based.

In a subsequent issue the *Wool and Cotton Reporter*, in an ill-tempered as well as ill-mannered article, referred us to its published statistics for the answer. This reply was promptly copied by the above papers, with the announcement that the SOCIAL ECONOMIST was silenced. Being interested only in obtaining accurate information, we immediately procured the number of the *Wool and Cotton Reporter* containing the statistics which purported to contain 38 woollen mills.

Upon examination we found that of the 38, only 31 purported to be woollen mills. In order to make our apology ample and prompt, if we were wrong in doubting the accuracy of these statistics, we addressed a letter to each of the 31 concerns there mentioned, and the answers, which we have carefully filed, proved that all but 8 were fraudulent. The others were not only not new concerns, but some of them were on the point of stopping through the evil effects of the Wilson law. Some of them were stopped, and some of them had been in existence from twenty to forty years.

We have given the facts in the opening article in this number, and respectfully submit that any apology is now in order from the *Wool and Cotton Reporter*, the *Philadelphia Record*, and the *New York Evening Post*. Common honesty demands that they promptly inform their readers that as to new woolen mills their statements were three-quarters error, and that the *SOCIAL ECONOMIST* was entirely right in the matter.

THE triumph of Senator Quay in maintaining his ascendancy over the Republican organization in Pennsylvania, and the similar triumph of ex-Senator Platt in New York, have been generally accepted by the politicians and the press as retiring, for the present, General Harrison from the attitude of a presidential candidate. The same facts indicate that Mr. McKinley will get, in the National Convention, only the straggling vote of the Ohio contingent in New York City. Mr. Reed has still his ordeal as Speaker of the next Congress to go through. No one doubts that the mode in which he will sustain himself under its tests will add to his reputation as a statesman and as a clear-headed American patriot. But it is not always true that rising in these respects improves one's chances as a candidate. Early in life Abraham Lincoln retired himself hopelessly from politics by voting in Congress against the righteousness of the war with Mexico. Mr. Reed at the opening of the Fifty-fourth Congress will be the head and front of the dominant party in that house and in the country, and the leader of the opposition to Grover Cleveland, who is still the head and front of a party failing, but not confessing failure, beaten, but not dismayed.

If the Republican Convention of 1896 could sit to-day, Mr. Reed would probably enter it, backed by the solid New England and Pennsylvania delegations, by a nearly solid New York, and as the reserve choice of several of the states which would swing their complimentary vote in the early ballots to a favorite son.

Major McKinley has canvassed the West and South more actively than any other candidate. Doubtless he has weighed well the true value of his "mountain" and southern following, which are not the most solid elements of his strength. He has the advantage of having "groomed" his political horse

better, to use a turf phrase, than any other jockey who will ride in this run. He has talked to more people, knows more leaders, and where he talks he always makes friends by his candor, gravity, seriousness and point. Reed has the singular faculty of making friends out of his enemies by his wit. His humor is so blandly philosophical and so scrupulously kind that those whom he spears with his sarcasm are proud of the barb. So there are two strong men for the Republicans to decide between, and if any others are in the race, Allison, Cullom, Morton, Sherman, it must be as dark horses, not to be mentioned until a dead-lock develops.

PROFESSOR BEMIS evidently insists upon getting some advertising out of the incident of his disconnection with the University of Chicago. Under the socialistic idea that his employment as a professor is a matter of great public concern, he has printed a statement over his signature setting forth the reason why he thinks he was dropped on account of his anti-capitalistic teachings.

In his annual address President Harper refers to the matter with an absolute denial of this whole implication. He says emphatically that not a single patron of the institution, and he mentions some of the largest, among whom are John D. Rockefeller and Charles G. Yerkes, have in any way, by word or act, given the slightest hint of their approval or disapproval of any of the faculty. In other words, that Mr. Bemis was dropped for reasons satisfactory to the management of the University, without the slightest hint from outside sources.

Commenting upon President Harper's report, the *Boston Herald* says: "While it is a relief to know that these men have not proceeded against him (Bemis), it is more incumbent upon Dr. Harper to tell why Professor Bemis was compelled to resign than before. No reason has been given, and yet there must be a reason, and Dr. Harper owes it to himself and to Professor Bemis and to the University to make it public." Pray, why does Dr. Harper owe it to the public to give the reason why he discontinued the services of Professor Bemis? Does the *Boston Herald* owe it to itself and the public to explain why it does not continue the service of an editorial

writer? The University of Chicago is a private, not a socialistic, institution.

Why should an institution pay a professor to teach social doctrines which are contrary to the consensus of opinions of the faculty, the supporters of the institution, and of the general community? If Professor Bemis wants to teach anti-capitalism or socialism in any other form, and the *Boston Herald* is anxious he should have the opportunity to do so, let them found and support an institution for that purpose.

When Daniel De Leon was lecturing in Columbia College a few years ago, he became a convert to the theory of Henry George, and began to attack the doctrine of private property in land. Of course Columbia College had no use for such a lecturer, and when the time came to renew his services he was dropped. He is now a ranting Socialist. Does Columbia College owe it to the public to make an explanation of why it did not continue the services of Mr. De Leon?

There is no more reason why those who believe in the present industrial institutions should be surreptitiously made to support teachers of Socialism than there is that Catholics should employ Protestants as priests or Jews install Christians to preside in their synagogues.

PROF. HENRY SIDGWICK, the suave and inoffensive English economist, has contributed a very readable article to the (British) *Economic Journal* on "The Economic Lessons of Socialism." Mr. Sidgwick thinks modern political economy owes many of its best features to its controversy with socialism; that, so to speak, the Socialists have inoculated it with modern impulses.

He ascribes Mill's view on the unearned increment as a tenet learned of socialism. It is true that Mill had a strong vein of socialism in his makeup, and, like Herbert Spencer's earlier announcement on the land question, it is among the weakest part of his writing. The English economists in the early part of the century were so metaphysical in reasoning, and so narrow in their premises, that they presented a very cold, inhumane, and really unsocial body of economic doctrines. "Survival of the fittest" and "misfortune take the hindmost" was written over their whole philosophy. This was so com-

pletely out of touch with the real science of society, with any economic philosophy that should account for the motives and activities which make for greater well-being and higher civilization, that with every step of progress it became more repulsive to the great mass of the people.

Every step in the direction of improving the condition of laborers, such as popular education and establishment of decency in workshops, and the reducing the hours of labor from the disease-creating, life-shortening state, had to be fought for and forced against the will and pressure of English political economics.

With the movement of civilization a new school of economics—that is, a broader, more humane and social view of economics—became necessary. In fact, the purely English school was renounced by economists of the second half of this century throughout the world. In Germany, France, Austria, Italy, and the United States they all rebel.

The younger economists in England have taken on a little of this spirit, but it seems to require a great stretch of imagination to attribute this to the doctrines of socialism. The most modern scientific economics contains no more of socialism than did the teachings of Ricardo. The principle of the private ownership of property, and industrial and social individuality, is becoming more clarified and emphasized as economic doctrine becomes more scientifically established.

It is not the teachings of socialism that are being incorporated into political economy, in which the broadness in economics consist, but the pressure of the new ideas, interests, and wants of the masses against the practical application of the *laissez-faire* teachings, that has demonstrated the impotence of English middle-class doctrines, and made, practically, a reorganization of the science necessary on a more democratic social basis.

THE Blue-Book recently published by the English Board of Trade gives statistics of wages in various industries and localities for England, Scotland and Ireland. The figures show that the wages in specific industries are 10 per cent. higher in England than in Scotland, and from 16 to 20 per cent. higher in England than in Ireland, and very much higher in some

parts of England than in others. This difference in wages in the different parts of the British Empire appears to be a matter of great surprise to our esteemed contemporary, the *Sun*.

It recites the fact that Lancashire ironmasters pay pig iron workers £87 a year, while in the Cleveland district the pay is £80, and in Scotland only £74 a year. In engineering works in London, wages are £80 a year; in Manchester, £78. After reciting many facts of this character, it says:

"In England nearly two-thirds of the locomotive engineers receive over 40 shillings, or \$10 a week, and only 3 in 1,000 less than 30 shillings. In Scotland only one-twelfth of them get 40 shillings, while 320 in 1,000 get less than 30, which is strange, for Scotch trains are run as fast as English, and require equal skill."

There is really nothing strange at all in any of these facts. On the contrary, they are just what might be expected. Our contemporary appears to be laboring under the difficulty of the old supply-and-demand doctrine of wages. Of course, if it were true that wages tended to a general level, according as the supply and demand of laborers varied, these great differences would be unaccountable, but wages are not governed by any such forces, and whoever reasons on that assumption always gets into the same difficulty in which the editor of the *Sun* finds himself.

Wages are not governed by the skill of the laborers nor the amount of their product, nor by their numbers, but by the socially established cost of their living. Scotch engineers, as our contemporary observes, are just as skilful as English; so are Manchester carpenters as skilful as London carpenters, but they never get the same wages. The cost of living is lower in the south of England than in the north, and wages are lower. Agricultural wages are 11 shillings in Cambridgeshire and in the Midland counties, while in Lancashire for the same work the laborers receive 17 shillings a week.

The same facts everywhere abound in this country. The New York *Sun* pays 50 cents a thousand for composition, when in neighboring cities publishers only pay 40 cents and 30 cents, and in rural countries as low as 25 and 20 cents. Labor organizations have discovered that all the power of their organization cannot force wages up to the same point in Brooklyn as in

New York. The real reason is that rents are lower, and hence the cost of living is less. The same fact applies to Philadelphia and other places. That is why every influence, such as clean streets, better houses, and shorter hours of labor, permanently tend to increase wages. The cost of living is to laborers what the cost of production is to manufacturers, and is the controlling fact in determining price; hence the marked difference between the wages of Asia, Europe and America. That is the reason why laborers are generally right, without knowing why, when they say "shortening the working day increases wages."

THE contest now going on in Utah, preparatory to her admission to statehood, is developing a political-religious phase which, it was hoped, had no place in this republic. It is evident that the Mormon Church in Utah is Republican in politics. The fact that some of its members have accepted nominations on the Democratic ticket without consulting the fathers of the church, has created consternation in the church.

According to reports that reached the East, the priesthood is likely to use its disciplinary power, lest such ignoring of the church authority in political matters should become prevalent. It is said the alarm among the Gentiles, and even among some Mormons, is so great that the movement to resist statehood has begun; preferring to remain a territory to becoming a state with the political reins so completely in the hands of the church.

It may be a calamity for Utah to pass into the hands of Democracy, at the beginning of its statehood, especially with the idea of Democracy which has permeated the present national administration. But it would be a still greater calamity for Utah to enter upon statehood with a political church government. Political churches are incompatible with freedom and democracy. They do very well with barbarism, where the masses are too poor, ignorant and stupid for self-government, and need to be coerced rather than converted into political acquiescence.

The Mormons have almost worked miracles in Utah. Their industrial and social accomplishments amid the mountains, apparently shut off from civilization, are simply marvelous, and it is more than probable that a large part of this

remarkable development is due to the close discipline and masterful leadership, first of Brigham Young and then of the church authorities who have carried out his ideas. But, like all other forms of paternalism, it ceases to be efficacious as soon as the progress it creates reaches the point of developing individuality among its people.

Individuality necessarily brings with it diversity of tastes, habits and opinions, and the right to act upon these tastes, habits and opinions in all departments of industry, society, religion and politics. To attempt to enforce the paternalism after the individualism has begun to assert itself, is either to stop the progress or to create a revolt.

The perpetuation of paternal authority in any domain is compatible only with a relatively static state. The political and religious convulsions of the ages all testify to this fact. If the Mormons in Utah have failed to learn this lesson, and imagine that they can have in their community the diversification of modern industries and civilization without the freedom of individual thought and action, they have made the mistake which is sure to wreck their scheme.

If the social and political ideas of the Mormon Church are in accordance with social evolution, and are consistent with the societary movement of modern civilization, they can afford to intrust them to the community, and rely upon the accomplishments of the past and the application of their principles to the future for the maintenance of their policy. If, on the other hand, their methods and progress are not in the direction of modern advance, and the people cannot be trusted to participate in the formation of the public policy of the community, but its administration still needs be in the hands of the priesthood, whose dominant idea is to maintain a homogeneous religious belief rather than promote diversity and complexity in social life, thought and action, the Mormons may as well abandon the idea of becoming an integral part of the republic.

In that case they had better withdraw into an exclusive religious community governed by a theocratic paternalism, with no hope of ever taking on the social complexity and individual freedom characteristic of modern civilization.

THE receipts of the treasury, for the year ending June

30, 1893, are, as to eight months thereof, identical with the last year of Republican administration. They were \$461,716,561.94, which fell for the year ending June 30, 1894 to \$372,802,498.02, and in the year ending June 30, 1895 to \$313,310,366. Here is a falling off of \$148,406,195, in relative annual receipts.

The expenditures for the fiscal year 1893 for all purposes were \$459,374,887.65, and those for the fiscal year 1895 were \$356,135,215, showing a diminution in the expenditures of \$103,139,562.65. The diminution in expenditures, falls below the diminution in receipts by \$45,266,633, a relative decline in comparative solvency of \$3,772,219.41, per month for each of 1895, as compared with each month of 1894.

The gold coin and bullion in the treasury at the close of the fiscal year 1893 was \$189,162,022, while at the close of 1895 the gold reserve stood at \$107,511,362, which supply had been effected by a sale of bonds during the year, amounting to \$112,000,000, which produced about \$123,000,000 for the treasury. The fact that by selling bonds to the amount of \$112,000,000 in a year, the Government could keep the gold reserve above the \$100,000,000 mark, according to Bradstreet's, "is one that in all fairness must be set down to the credit of the administration and those who co-operated with it in its financial operations."

According to this standard of praise, if the revenue had been so impaired that an issue of \$224,000,000 of bonds would have been required to keep up the supply of gold, the credit to which the administration would have been entitled would have been exactly doubled. If ability to run the nation in debt in a time of profound peace, and with no new public improvements, but by sheer destruction of revenue, is statesmanship, Mr Cleveland is entitled to front rank.

Economics in the Magazines.

CUBA. *The Cuban Revolt : Its Causes and Effects.* By a native Cuban, in *The Engineering Magazine* for October.

The struggle in Cuba has its economic aspect. At present it is wearing out the island, lessening the supply of cane sugar for the world, urging on the extinction of African slavery in almost its last stronghold, and illustrating the difficulty of governing an American territory from a capital in Europe. That the revolutionary element would contain the materials for establishing an improved government, if it should succeed, is the most doubtful feature in the whole problem. The government of Spain is costly, and probably bad, though there is a painful vagueness in the complaints made against it. The degree in which the rebellion represents the better element in the island, and the materials for forming a government are faintly outlined by "a native Cuban" as follows :

" In proof of the falsity of the allegation that race prejudice is the chief element in the present struggle, it is only necessary to advert to the fact that there are under arms in Cuba at least twelve thousand white rebels. If there are as many colored patriots fighting for independence, it is probably owing to the fact that the revolution began in a province where the colored population was much greater than the white, and it is this very circumstance which has been seized upon by the enemies of Cuba to lend color to the lie that the fight is one of race, and not the expression of the healthy sentiment of the majority of native Cubans. Indeed, some of the most distinguished—I was about to write aristocratic—white families of the island have sent members to represent them in the rebel camp. The Marquis of Santa Lucia, a venerable patriot belonging to one of the very first families of Cuba, is actually in the field ; Bartolome Masso, an eminent white Cuban of large wealth, is a general in the insurgent army ; Rafael Portuondo, a well-known and able lawyer, and a member of a first-class family of Santiago de Cuba, and Gen. Juan B. Zayas, son of a great Cuban scholar, are fighting in the ranks of the patriots ; Francisco Sanchez Echevarria, who belongs to the cream of Cuban society, a man of wealth and great social attainments, has just successfully landed on Cuban soil an expedition with a large quan

tity of ammunition for the insurgents ; and has with him Senor Miguel Varona, a son of the greatest living Cuban philosopher. All these gentlemen, and many others high in the social scale of Cuba (which, by the way, is very delicately adjusted), most of whom have been educated in the United States, are heart and soul in active sympathy with the revolutionists, and are actually jeopardizing their own lives and fortunes in defense of their country's honor.

"If this were a race war those gentlemen would never be found within its ranks, nor would it receive the sanction and support of such men as Estrada Palma, Ponce de Leon, Francisco Sellen, Juan Bellido de Luna, and a great many other eminent Cubans, who are truly representative of the best elements of the island in education, conservatism and personal worth."

TARIFF ON LUMBER. *The Canadian Lumber Industry*, by J. S. Robertson, in *The Engineering Magazine* for October. A graphic, illustrated outline of the condition of the Canadian lumber supply.

Mr. Robertson, who favors free lumber, gives the following interesting picture of the effect of the Wilson-Gorman tariff to remove American mills to the vicinity of the Canadian forests. He says :

"When, three years ago, the duty on lumber going into the United States was reduced from \$2 a thousand to \$1 a thousand, a great stimulus was given to the lumber industry, and there followed one of the best years that Canadian lumbermen had enjoyed for a long time. But this reduction in the duty on sawn lumber carried with it the free export of lumber in the logs into the United States, and this immediately built up an immense business in the shipment of logs by raft from the Georgian bay shores to those of Michigan. These shipments have grown, until in the last year something like 400,000,000 ft. of logs were exported from the Georgian bay shores to Michigan mills.

"When the Wilson tariff became a law, conditions again changed, and the Ontario holdings of United States lumbermen increased. To-day a large extent of the timber limits of Ontario is in the hands of J. W. Howry & Sons, J. T. Hurst, Albert

Pack, A. T. Bliss, General Alger, Saginaw Salt & Lumber Co., and other well-known Michigan lumbermen.

"To what extent the change in the lumber tariff will induce American holders of Canadian limits to build mills in Canada is a moot question. All lumber being free, it is as easy to ship the sawn lumber as that in the log, and, this being the case, it is contended that United States lumbermen will find it an advantage to own mills near the limits, cut their logs there, and ship the lumber to their own country. It is known that J. W. Howry & Sons, who will this season rank among the largest operators in Ontario, have erected, or come into possession of, large saw mills in the province. At Midland a large mill is cutting entirely for an American concern, and along the Arnprior, Ottawa and Parry Sound Railway, 140 miles from Ottawa, the St. Anthony Lumber Co., owned by E. C. Whitney, of Minneapolis, and other American lumbermen, has built one of the largest mills on the continent.

"There are problems in connection with the Wilson tariff that may change the complexion of affairs. A change in government in the United States might lead to a reversion of free lumber, though the manner in which investments are being made in Canadian limits by United States lumbermen, who ought to understand the situation, does not give much force to this theory. Again, the question has been raised, only within the present season, whether dressed lumber, which is exempt from duty, includes flooring and other lumber that is matched and grooved. The board of general appraisers of the United States has ruled against this rendering, and if the ruling is sustained it will be a barrier to the establishment of planing-mills in Canada. But, on the whole, there is reason to believe that free lumber has come to stay, and that it will, aside from an exception or two, operate in the interests both of Canadian lumbermen and of their congeners in the United States."

The chief economic battle over lumber is to save it from the fires. Whatever is cut and marketed is saved. Whatever is not is soon burned by the forest fires. The effect of the Wilson-Gorman tariff is therefore to increase the quantity saved in Canada and the quantity burned in the United States.

CURRENCY. *Money and Credit Paper in the Modern Market.* By Willard Fisher in *The Journal of Political Economy* for September.

The writer aims to criticise the statement "that 95 per cent. of the volume of business is transacted by means of bank checks." In fact, no such statement was ever authorized by the returns made to the comptroller of the currency. No exact speaker or writer would infer from the fact that 92 per cent. of all the checks deposited in banks cancel each other without payment in any other way than by cancelment, that therefore 90 per cent. of the business of the country is done by checks. Mr. Fisher admits by far too much in saying (p. 397): "These figures may possibly without evident error be taken as an indication of the proportions of cash and credit in the business done either at the banks, or among those who deposit at the banks." Those who deposit at the banks, if they are large employers of labor, or large retail purchasers, may not deposit any part of the funds required for paying labor or making retail purchases. The whole retail trade of the country is almost wholly carried on in currency without checks, and the whole wage bill of all labor is paid without checks, so far as the direct payment to the wage-worker is concerned. All fares, and a great many freights, are paid without checks; all amusement tickets, restaurant and food purchases, drinks, and fees for small services. The aggregate of these probably very largely exceeds in volume all the payments made by check.

VALUE. *Some Important Phases in the Evolution of the Idea of Value.* By W. G. Langworthy Taylor (Univ. of Nebraska), in *The Journal of Political Economy* (Chicago).

This is an acutely metaphysical and deductive effort to deduce a practical scheme for adapting the volume of currency, or means of making deferred payments, to the absolute worth of commodities, *i. e.*, to their labor cost, according to the Ricardian theory of value, and to their "objective utility" according to the Austrian theory of value, so that the sum of commodities which the money used in payment will buy when the debt is

paid, will exactly equal the sum of commodities which the value given in creating the debt would buy at the time the debt was incurred. The speculation rests upon four false premises, viz.: (1) That the purchasing power of money is affected by the quantity of the circulating medium; nine-tenths of the economists have exploded and discarded this view. (2) That the aggregate of all commodities can by any system of averages be unified into one commodity, of which a definite rise or fall in value can be asserted; land, labor, and organized capital have all been rising in value. (3) That there has been any general fall of commodities or rise in value of money which makes the question of the means of making deferred payments "the question of the day," as alleged in this article (p. 418); and fourthly, that either the objective utility or the social cost of production of commodities is in any sense a computable quantity, capable of being used as a factor in arriving at the quantity of currency required. It is not even clear that an increase or decline in the purchasing power of money is a social injustice at all, any more than the rise or fall of a private or public man in the social esteem of his fellows, the advent and decline of a particular religious faith, or the rise and fall in value of any commodity, say diamonds, quinine, or herring, from causes relating to its production. These changes in values, in creeds, in opinions, whereby one goes up and another down, are no more a social injustice than the bloom and fading of flowers is a catastrophe. They are inevitable incidents of a progressive condition, and it is no part of industry or economy to arrest these changes, or to affect a universal congelation or petrification in the value of commodities. The fluctuations in values, both of money and of commodities, are the steering and propelling element in industry. For economists to study how these fluctuations can be ended is like a sailor nailing up his rudder and his spars, or a farmer hooping in his trees and live stock to prevent their changing in dimension or form. It is eliminating the inspiration and the life from political economy, which is largely a study, not how to fix values, but how to utilize their flux and make clear the law and the utility of their changes.

TAXATION. *Taxation in Chicago and Philadelphia.* By John R. Commons (Syracuse Univ.), in *The Journal of Political Economy*, University of Chicago.

Chicago (Cook Co.) has (with suburbs) 1,191,922 population in 1890. Philadelphia (with suburbs) has 1,046,964. Illinois has 3,826,351 population, and Pennsylvania 5,258,014. The tangible wealth of Chicago and Illinois, according to the census, are \$1312 and \$1324 respectively, and that of Philadelphia and Pennsylvania are respectively \$1049 and \$1177 per capita. Philadelphia forms a fifth of Pennsylvania, and Chicago is 31.3 per cent., almost a third, of Illinois. But Philadelphia pays 32.8 per cent. of the state taxes of Pennsylvania, while Chicago pays only 31.1 per cent. of those of Illinois. Opposite modes of assessment exist. Illinois undertakes to tax all property not specifically exempted. Pennsylvania exempts all property not specifically taxed. In each taxing district in Illinois there is one rate on all forms of property, which goes to pay for town, county, city and state government. In Pennsylvania there is one rate (a light one) on personal and corporate property (which goes to pay for state government), and another (heavier) on real estate, which is applied to pay for local government.

Chicago has eight independent assessors elected by the original towns of which it consists. In Philadelphia property is assessed by a central board of three assessors, who are appointed by the court of common pleas, with power to appoint deputies.

There are other features of difference between the two tax systems which escape the notice of Mr. Commons' paper, since he discusses only financial results, and not modes of collection.

In Illinois every tax has to be reduced to a judgment in a court of record before there can be a levy and sale of property for collection of the tax. This renders taxes exceedingly disputable and litigable by the taxpayer. The complications involved in the study of unlike tax systems are such as can hardly be learned except by practical experience as a taxpayer under both systems, and no discussion of financial results is complete which does not explain clearly the modes of collecting, as well as of assessing and equalizing the tax.

GOLD. *Index Numbers and Appreciation of Gold*, by N. G. Pierson, in *The Economic Journal* (Br. Econ. Assn.) for September.

Mr. Pierson points out that in estimating the rise and fall in different commodities by index numbers, prices alone are averaged, without taking note of the quantities of each commodity consumed. By this method a fall of two cents a pound in the product of which a wholly unimportant quantity is consumed, would be balanced by a rise of two cents per pound in another article of which millions of tons are consumed. Hence, not only "prices" but "importances" must be averaged. Mr. Pierson also holds that the current phrase that "fall of commodities" implies an "appreciation of gold" is erroneous. Each of forty commodities named in any set of "index numbers" may have fallen, and all that that will prove is the fact that they have fallen. The whole forty may have fallen from greater facility in their production. Mr. Pierson could have made the more trenchant criticism that values of the chief commodities against which gold balances, viz., land, labor and capitalized means of production, never appear in these index numbers, and staple food, provisions, meats, etc., make but a subordinate part of them. Measuring commodities according to their "importance," land, labor, capitalized means of production and food and meats form the chief part—indeed, more than nine-tenths—of all values at all times ; most or all of them have been rising in gold price during the same period in which gold has been alleged to be rising, which fact proves that, measured by the "importance" standard, gold has been falling.

Among the Books.

GOOD CITY GOVERNMENT. PROCEEDINGS of the Second National Conference for G. G. C., held at Minneapolis, Dec. 8 and 10, 1894, and of the National Municipal League and Third National Conference for G. G. C., at Cleveland, May 29 to 31, 1895.

These papers show the views of about thirty gentlemen, divines, professors, and civic reformers, some of whom, like Mayor Ochs, of Chattanooga, have official experience in city government, and others of whom have studied it from the standpoint of investigators and critics. It cannot be said that there is much harmony in the recommendations. A person holding almost any opinion concerning city government, provided it relates only to getting good men into office, is likely to find it argued here.

Doubtless, the formation of good government clubs for cities only is based on a tacit agreement that the existing governments in cities involve, as a rule, more misgovernment and failure than in the country counties. This may be because they have very much more actual governing to do in cities than in country. None of these papers or speeches assumed that a reconstruction of the suffrage in cities on the basis agitated by the reformers of a quarter-century ago, is necessary.

Mayor Opdyke, in the New York Constitutional Convention of 1870, and John C. Calhoun, in his "Disquisition on Government," were much more radical. Calhoun wanted the final legislative councils in cities elected on different fundamental bases, so that one should represent numbers merely, as both now do, and the other should stand for financial ability or capital. He wanted that the upper chamber of every legislature, whether of a city or a state, should be elected by voters voting in proportion to the amount of taxes they pay. He thought it sufficient for the protection of popular liberty and democratic impulse, that the lower chamber should represent mere numbers.

In his view, despotism consisted of the government of all elements in a state by one element, and it did not lessen the absolutism of the despotism, that that one element was num-

bers. Calhoun defended the principle that capital or wealth should have a distinct representation from numbers in all government.

There is great merit in the idea proposed by ex-Mayor Opdyke, in 1870, of having one branch of the city council elected in such a way that its members shall be voted for by the whole city, and shall be known to the whole city. It is the selection of candidates for city office by wards, assembly districts, and other fractional sections of a city that does much to put the saloon bummer into power, to the displacement of the business man. The kind of man whom the whole city would know and vote for is exactly the opposite of the kind of man who could poll the largest vote in one ward or assembly district. The former might be a man of character and responsibility. The latter is apt to be a bum-bailiff and a saloon duck.

A third element of reform in city government would be to have the mayor appoint heads of departments from among the city legislature, when so selected as to consist of the best men in the city ; or the city council, the mayor presiding, might distribute among its own members, as is done, we believe, in Glasgow, the various chiefs of administrative departments, viz.; of the police, fire, health, street opening, street cleaning, parks, sewers, markets, public buildings, water supply, taxes, assessments, and the like. In this way the legislative body of the city, which passes the ordinances subdivides into the various heads of departments which administer the city government. This secures harmony between the legislative and administrative departments, both in the enactment and enforcement of city ordinances, and is in accordance largely with the principles of government by committees which govern Congress.

The views of the various speakers and writers whose utterances enter into this book are without the fundamental radicalism which would be involved in either of the three changes above suggested.

As they get farther on they may find that their plans do not go down to the root of the matter. The root of the matter may prove to be that city government has degenerated into a government of the top by the bottom—of the

decency by the slums. If it has run the principle of government by mere numbers too far—farther than it will bear; then a consideration of Calhoun's, Opdyke's, and other more radical plans may be wise.

DOUBLE TAXATION IN THE UNITED STATES. By Francis A. Walker, Ph.D. Columbia College. Studies in History, Economics and Public Law. 132 pp., 8vo.

POOR LAWS OF MASSACHUSETTS AND NEW YORK. By John Cummings, Ph. D. American Economic Association. 135 pp., 8vo.

We couple these two works together as illustrations of a class of works now being rapidly put upon the market on the assumption that it is quite feasible to select any given department of economic study, say the savings banks of New York, the communes of Russia or the State Banks of the United States, and thereupon pick out a competent and highly intelligent and acute graduate in economic study, furnish him an ample library on the topics designated, and say to him, "Write me a monograph of two hundred pages on that topic." The most admirable and systematic compilation of facts will appear, the order and method of the work will be perfect, skeletons of statutes will parade in procession which require great labor to strip of their surplus verbiage, and the inquiring mind of the reader, who goes to sleep trying to find out what it is that makes the book so uninteresting, vainly asks itself why it cannot read so well written a book upon a topic in which he feels a sincere interest. It is like a well-ordered prayer by an under graduate in theology, or a new story by your young lady friend, who has heretofore tried essays, and thought she would just dash off a novelette. The same undefinable something which is necessary to a good book and absent in all three is the human experience of the topic treated essential to give it originality. A man to write upon taxes, or banking, or tariffs, or prisons, or communes, must do something more than read up on taxes. If it be taxes, he must collect, pay, feel, fight, favor, evade, and live upon taxes for years. He must take titles under tax sales, loan and lose money on taxable securities, touch, taste and handle taxes from every side. He must travel and observe taxes, com-

pare complementary and concurrent systems of taxation, until his personality assimilates the whole volume of tax-knowledge into a coherent body of thought ; the incidents and accidents of tax history must not come together as giblets and morsels in a dish under an order superimposed upon them from without, as if by the cook's fork and the matron's spoon. They must organize and cohere from within under an order infused through them by the inward life of which they have been the nutrition and the food, which has fought for them, cooked and enjoyed them until they became part and parcel of the life they nourished, and furnished the due stimulus to their own acquisition, digestion, and distribution.

In this respect, these two economic studies are at the very opposite end of the social and intellectual gamut from the widely read and fascinating dream and wonder story reviewed in our last issue, with which Robert Blatchford seeks to amuse and excite the British working classes. His book will be read with nearly as much pleasure by the reader who riddles his falsehoods as he goes along, as by poor Hodge who thinks it a revelation. It purports to be all experience. Its word-pictures appeal to the reader as if they were painted. It almost seems not to argue but to paint. It covers the whole sphere of society often in a sentence, but covers it falsely yet fascinatingly. Its author, if he had the training of an economic student, could not write such a book. Each lump of learning he acquired would throw over some pet hobby of his book. Each acquisition of knowledge would remove some fascinating scheme of wickedness and show it to be quite a useful social factor. His monopolies would prove to be innovations which had their beneficent effect. His monsters would be drawing the train of progress. Had he known more, he must have written less; knowing all, he would have stopped writing altogether. Like the great Brahm, he would have reached the full depth of wisdom in absolute silence.

The difficulty with the young economists who compose these monographs is that their libraries have brought them much knowledge, but no convictions; many facts, but no divine fire or rage; many rights, but no wrongs. Their classifications and generalizations have no torch, their dead facts hear no trumpet. They fall into no error, but they are anointed with no zeal.

All they say is true, but all its trueness does not lift it into the dignity of many a half truth, which, when severed from its other half, makes the world thunder with its energy. When our young doctors in philosophy shall discover that something in the world is wrong, they will write books which the world will read. When the socialists discover that some things in the world are right they will write books worthy of being read.

THE INDIVIDUAL AND THE STATE : AN ESSAY ON JUSTICE. By Thomas Wardlaw Taylor. 88 pp. Ginn & Co.

This acute, learned, and profound essay richly deserved the degree for which it was written. Its conclusion is, that natural equality among men is a myth which has no existence, and that "the ideal of justice is purely subjective, binding only upon the individual holding it, and not applicable as a test of the rightness or wrongness of any existing conditions. Society is an inexplicable ultimate from which no concept of justice possessing objective validity can be deduced." The investigation which leads to these conclusions is conducted with as much vigor in argument, and backed by as wide research, as probably have ever been expended on a thesis of equal length.

PATRIOTIC CITIZENSHIP. By Thomas J. Morgan, LL.D. 368 pp.

We can imagine that classes and teachers might both be interested and inspired by the study of citizenship through this book. Its instruction is arranged in a most condensed form, and enlivened by poetic, prose, and oratorical illustrations of its points, which in many instances are grand and inspiring. It would make an admirable text-book for classes, not merely in the study of civil rights and duties, but also of pure English, of good rhetoric, of oratory, and of American history and literature. It is interesting from the admirable pertinency of the citations and extracts from eminent authors and speakers to the point in patriotic duty which they are cited to elucidate.

SOCIAL ECONOMIST.

DECEMBER, 1895.

Mandate of the Election.

FOR nearly two years after the election in 1892, the administration and its journals throughout the country constantly gave as the authority for their action the mandate of the people as recorded in the November election of 1892. It is useless to deny that there was some ground for this claim. The policy for which Mr. Cleveland stood, a considerable part of which he has forced his party to adopt, viz., the abolition of our protective system, was the issue of that election.

The movement of which Cleveland's election with a Democratic House and Senate was the culmination, had been persistent and continuous for nearly twenty years. At first it had all the appearance of a hopeless cause. The advocates of free trade were taken seriously by no political party. The Democrats talked faintly of tariff for revenue only, but made no serious attack upon the protective policy. As late as 1880, when General Hancock was a candidate for the presidency, he went so far as to incidentally remark that protection was a local issue. In twenty-four hours after the unfortunate remark, his defeat was a foregone conclusion. It was known to be his Burchard from the moment it appeared in the morning papers. Democratic politicians hated the unfortunate word, but the doctrinaires persisted, and in 1894, through the transfer of the free traders—the mugwumps in a body—from the Republican party to the Democratic, under the pretense of a personal dislike of Mr. Blaine, though really to muster the free traders all into one party, they elected Mr. Cleveland.

During his first administration he was handicapped by a protection majority in the Senate, but his election gave great strength to the hope of ultimate success to the anti-protection cause. The propaganda continued to increase in an accelerat-

ing ratio during his administration; and on the 6th of December, 1887, he issued his famous anti-tariff message to Congress, which made tariff reduction the specific issue in the national election of 1888. Protection won, but Mr. Harrison was barely elected. In all the Republican strongholds, from Massachusetts to Ohio, the traditional majorities were greatly reduced, and in the Democratic States they were greatly increased. Although Mr. Harrison received a majority in the electoral college, his majorities were so much smaller in the States that he carried than were those in the Democratic States carried by his opponent, that although elected he received over 100,000 less votes than did Mr. Cleveland; that is to say, that although defeated, Mr. Cleveland had nearly one per cent. more of the popular votes than did Mr. Harrison. This shows how evenly divided was public opinion on this subject, and demonstrates that Free Traders had made marked progress in converting the people to their doctrine. Although defeated, this immense showing on their pet issue was regarded as highly encouraging.

On the strength of their slight victory the Republicans passed the McKinley Law. Instead of considering the new tariff law a blow to their cause, the Free Traders made it a new stimulant for propaganda, and in 1892 with the same two candidates, and the tariff as the issue even more definitely than before. They again elected Mr. Cleveland, and this time with a majority in both branches of the Legislature.

An examination of the votes, however, shows that although Mr. Cleveland had a large majority in the electoral college, he only received slightly over 2 per cent. more of the popular votes than Mr. Harrison. This shows that, although public opinion had been greatly changed from a protective toward a free trade, or tariff for revenue only, policy, it had barely passed the line on to the free trade side. To be sure, Mr. Cleveland had been elected with both branches of the Legislature after a severe contest on the tariff issue, but the country was really about evenly divided on the subject, with a slight fringe in his favor. Of course the presumption was clearly in favor of the new administration, and this was somewhat strengthened by the fact that its election was not the result of a sudden upheaval, but the culmination of a protracted discussion which had slowly changed public opinion on the subject.

It cannot be denied that under these circumstances there was some ground for the assumption that they had received a mandate from the people to deal with the tariff from the anti-protection of view. It must be admitted, however, that on the most liberal construction of this claim the mandate was by no means emphatic. The most that could be fairly said for it was that it created a presumption in favor of the doctrine of the new administration. The faintness of the so-called mandate, so far as it gave any warrant at all to deal with the tariff, warranted only a very cautious and conservative treatment of the subject. The friends of the administration, however, magnified mole hills into mountains. They imagined, and even insisted, that their election, regardless of the narrow margin of votes with which their success was secured, was an imperative order from the nation for them to abolish the protective system. This was boldly announced, and the administration journals and spokesmen insisted upon a prompt and radical knifing of the tariff; declared that it was for that they had been elected, and not to do it was to betray the confidence reposed in them by the nation. No sooner were the intentions of the new administration known than business confidence was destroyed and an industrial depression began which in six months culminated in the severest panic of the century.

While, as we have said, there was fair ground for assuming that they were expected to modify the tariff, the industrial catastrophe simultaneously accompanying the declaration of their intention should in all reason have called a halt in the execution of the programme. Nobody could be insane enough to believe that the people had deliberately voted for a disastrous panic. They had voted for a modification of the tariff policy under the impression that it would improve business, lighten the burdens of taxation and consequently be a real boon to the country. They had grown to believe this through twenty years' persistent assertion of this claim; but when it became clear that the very decision to carry out the new doctrine created national disaster it ought to have been clear that it should not have been carried out. But the new administration paid no attention whatever to the havoc their policy was creating, but clamored the more to hurry it into actual operation.

In six months after Mr. Cleveland's election, and less than

three months after his inauguration and fully three months before Congress met, the people throughout the country had seen their error and realized their mistake, and were prompt to record their recantation. Mass meetings were held in the leading cities throughout the country and largely attended by those who had voted for the change, asking that the new programme be not carried out; but all this the president stolidly ignored, and persisted in carrying out his radical programme, which tended to increase rather than reduce the industrial disaster.

Although a considerable portion of the Democratic party were, to say the least, in doubt as to the advisability of the radical course insisted upon by the President and his immediate advisers, they were ultimately forced into line and the Wilson Bill was passed through the House. It was finally modified in the Senate; but this was so contrary to the President's wish that he characterized it as party perfidy, and ultimately refused to sign the bill, because it did not go far enough in the direction of free trade. This so clearly revealed to the public the fact that the administration was determined to carry out its new policy regardless of consequences and with entire disregard of the growing public sentiment against it, that in November, 1894, the first opportunity for recording an official opinion upon the subject, the verdict so faintly given in favor of a change in the tariff in 1892 was emphatically reversed by unparalleled majorities against the administration party throughout the country.

Almost every leader in Congress who had taken a conspicuous part in carrying out the President's policy was defeated; even Wilson himself was defeated, and that, too, by a Southern constituency. Not only was the political complexion of Congress radically changed from a two-thirds Democratic to a two-thirds Republican majority, definitely pledged to a protective policy, but the majorities by which the free traders were defeated and the protectionists elected were many times larger than any by which the administration party were elected in 1892, and greater than had ever been known, even in Republican States, excepting immediately after the war. It was claimed that this national verdict against the administration and its policy was the immediate effect of the panic. The laborers, it was argued, were smarting from enforced idleness and its concomitants, privation, destitution and want, and business men from their loss

of profits, bad debts and bankruptcies; that the vote was a matter of feeling more than judgment.

After the election, as if to demonstrate more clearly the indifference to, or even defiance of, the public opinion upon the subject, the defeated Congress endeavored, during the few remaining weeks of its term of office, to force through amendments to the tariff bill, putting a number of new articles on the free list, so as to make it more to the President's liking. This was to be done by means of the famous pop-gun bills which the Senate rejected.

Since then another year has passed, and the new law has been in operation. Not one of the favorable predictions regarding it, confidently announced by its advocates, has been fulfilled. Its effect on industry, by bankruptcies and closing shops, and enforced idleness, has brought a readjustment of industrial conditions by which wages are from twenty to thirty per cent. lower than they were in 1892. It has diminished the value of nearly all forms of property throughout the country. It has increased, in some cases doubled, and in others multiplied many fold, the importation of competing products and so substituted foreign for American industry. It has so crippled the revenues that the government has been constantly running into debt and compelled to resort to frequent bond issues to pay current expenscs. It has even been forced to go into a humiliating contract with foreign bankers to preserve the solvency of the treasury.

It was widely predicted that luck would surely favor Mr. Cleveland, and that a revival of business would come in time to re-establish public confidence in his policy. And, as if to fulfill this prophesy, a persistent effort was made by the administration press to create a business boom, if only on paper. Columns of fictitious data were published from day to day, week to week, regarding the new factories that were starting, old firms increasing wages, orders being given and the return of prosperity generally. This had a momentary influence upon public sentiment and business confidence, at least to the extent of sending a hopeful feeling throughout the community.

The election of 1895, therefore, came under much more favorable circumstances than that of 1894. The worst of the panic was over; business was resuming a normal attitude; in-

dustrial conditions were getting down to what bid fair to be a permanent but, as everybody realized, a lower basis. Laborers everywhere had come to a sober, realizing sense that their wages were permanently lowered and the purchasing power of their day's labor painfully diminished. Business men had an equally vivid realization of the fact that the possibility of profits had persistently shrunk, and the business outlook and opportunities were less hopeful and encouraging as well as less remunerative. All this operated with a steady and cumulative force to produce a change of public opinion on the administration policy. The anti-administration majorities of 1894 were doubtless partly due to a feeling of disgust and revolt; but the vote of 1895 was clearly a vote of conviction, and a conviction that confirmed the vote of disgust and revolt of 1894. It did not reduce even the exceptional majorities of 1894, but increased them and added a number of Southern States to the procession against the new policy.

If, then, there were any grounds whatever for regarding the election of Mr. Cleveland in 1892 with a bare plurality of votes, as a mandate to revise the tariff on a non-protective revenue basis, the overwhelming majorities given in 1894, and still greater confirmatory majorities repeated in 1895, give a hundredfold stronger ground for regarding the result as a definite, unqualified mandate in the opposite direction. It is a conclusive demonstration that the people of the United States do not want and will not have free trade, but insist upon a continuance of a protective policy.

This much is clear beyond all question. The election has put the Republican party back into power, and unless some blunder, too egregious to be imagined, is perpetrated during the present session, it has given them the Presidency in 1896. This will put the entire machinery of the Federal Government back into the hands of the Republican party. Are they ready for the responsibility? Mr. Cleveland and his friends have demonstrated what would previously have been seriously doubted: viz., that an overwhelming majority can in a few months be converted into an insignificant minority, by failing to perceive the true line of public welfare. The iron lines of political parties have been badly broken. Personal leadership and party discipline have lost much of their power. Neither

cities, States nor classes can longer be relied upon to follow party leadership regardless of the public policy it represents. The strongest of political bonds—the solid South, has been effectually broken; New Jersey, Kentucky, Maryland and Virginia have broken loose, and many other of the “Confederate” States are regarded as unsafe to the Democratic party. Iowa, Illinois, Massachusetts, and even Rhode Island, previously regarded as hide-bound Republican constituencies, have also crossed the political boundaries, showing that something more than party lines is necessary to obtain their political support. In other words, public policy is becoming more, and party fealty less, powerful at the ballot-box.

Beyond the fact that a protective policy is insisted upon, the election furnishes no definite mandate to the Republican party. It throws upon them the whole responsibility of developing a national policy on the great subjects affecting public welfare that shall promote the growth and prosperity of the country. Besides intense patriotism, this requires broad statesmanship, with the courage to adopt the measures such statesmanship dictates. No amount of mere fencing, dodging and halving, on the theory of party expediency, will suffice. Several important national questions are up and must be dealt with. Not to deal with them or only to tinker with them is to fail; and failure invites and is sure to receive the rebuke of defeat.

Among the important subjects that will demand the immediate attention of Republican statesmen are the revenue, the money question, the foreign policy and the labor question. The revenue question will be first because it directly affects the solvency of the Government. This involves the tariff. To attempt to make up the revenues by adding to the internal taxes, and leave the tariff in its present shape, would be to ignore the most definite part of the mandate which the election returns have issued.

Of course any attempt to put a duty on wool or woolens or increase the revenue by protective duties will be resisted by the President. But that should be absolutely ignored. He is voted down. Nothing but the technicalities of the legal machinery permits him to remain where he is another year. His views and theories regarding public policy are not to be considered. They are the views which the people have overwhelmingly de

clared they will not have, and therefore the fact that he may oppose his veto to anything the new Congress may do is no concern of theirs. Whatever change is made in the tariff should be made on strictly protective and not merely revenue lines. All tariff duties should be made protective duties. That is what the economic interest of the country requires and it is what the people have emphatically demanded.

The reform in our monetary and banking system is a subject upon which the people have not given a pronounced opinion; they have no pronounced opinion to give. They have intrusted that to the statesmanship of the Republican party. The treatment of this subject will be one of the tests of fitness for the position. The field is practically clear for the application of the best wisdom that statesmanship can devise on this subject. There is really no excuse for the present Congress indulging in any such piecemeal tinkering on the money question as a repeal of the tax on State banks, or the establishment of a five-cent redemption fund, as proposed by the Baltimore plan. The people are ready for the best that can be had, and that involves the abolition of the government greenbacks and the whole sub-treasury system, and the substitution of a system of federated banks on a specie basis, with constant coin redemption of all paper currency. The best banking opinion in the world will support this policy, and its assured success will amply justify its adoption and give honor and permanency to the statesmanship that shall inaugurate it.

The firm interpretation of the Monroe doctrine on the theory of guaranteeing the maximum opportunity for self-government and the development of Democratic institutions on this hemisphere should govern the spirit and letter of their policy on foreign affairs.

If the new Congress will meet these questions in a broad and uncompromising spirit, which the conditions of its election warrant, it will soon restore business prosperity, establish financial security and national solvency and obtain a new lease of public confidence that will make another Cleveland experiment impossible for a generation to come. But if instead of acting statesmanship the Republicans will play politics they may suddenly find themselves among the lost in 1896.

The Republican party, as a party, has not sufficiently

definite principles or established policy on these new questions to make party name a guarantee of success. We are beginning a new era of statesmanship with new problems, and the right to lead in the future has to be earned by the wise treatment of the important questions of the present. This is the great opportunity for Republican statesmanship. Will it be utilized?

The Great Metropolitan Bridge.

THE greatest piece of architectural engineering now awaiting construction in any part of the world, and the most important event now pending in its prospective influence over the future growth and metropolitan development of New York City, is the North River Bridge, to cross the Hudson from Stevens' Heights, Hoboken, to the foot of Twenty-third Street, New York.

It will be mainly a railway bridge for both steam road and local traction companies to send their cars over, very much as the railways centering at St. Louis use the Merchants' Bridge crossing the Mississippi. It will not aim to supply an independent motor system of its own which would require an unloading of passengers and of railway freight at each end. It will simply supply the tracks over which all suburban and "through" or Western trunk lines can send their own cars across by their own power and make their own termini at any point they prefer in New York, at their own expense. The rate of tolls will be subject to regulation by the Interstate Commerce Commissioners, to secure equality among all routes of like kind and burden making use of the bridge.

The structure will be a single-span cantilever of somewhere from 2,700 to 3,200 feet in length, which is from 1,000 to 1,300 feet longer than the Brooklyn Bridge. It will be built by private capital. The stock will be issued upon a basis which will supply \$36,000,000 of cash-working capital, before the structure is begun. No shares will be permitted to go on the market until all the stock has been subscribed and paid for, nor until the structure is well advanced toward completion.

Its importance lies in the profound control it will exert over the future development of the wholesale and retail trade, manufacturing and general rebuilding and architectural style of

New York City. It will help to take the pressure of the wholesale trade from the extreme downtown section and transfer it to the region west of Union Square and Madison Square, from Washington Square on the south to Bryant Park and Forty-second Street on the north, sweeping everything before, it to the river, in its general boom of transformation and remodelment.

Residents of New York who can remember the city in the period from 1845 to 1855 will recall that the wholesale dry goods, notions, silk and clothing trades were carried on wholly in the narrow and dark little 25 x 100 feet buildings, four and five stories high, on South William, Front, Water, Beaver, Hanover Square and Broad streets, below Wall and on or east of Broad street. Where the Stock Exchange now is was a silk and ribbon house, and where the oil trade has occupied for thirty years was given over to fine dry goods and fancy goods. This was due to the fact that the early trade of New York City was with New England and the South, and the boats came in from New Haven, New London and Providence, as well as from Baltimore, Norfolk, Charleston and New Orleans, at the southeast side piers, from Old Slip and Coenties Slip to Peck Slip. But the Erie Railroad was built, with its steamers from Piermont landing at Chambers Street, as early as 1845. The traffic of the Erie Canal and Albany steamers had already begun to concentrate at Warren and Murray streets in 1835. The trunk lines to the great West perfected their through routes so as to land their customers at the foot of Cortlandt and Chambers streets by 1855, and in 1848-50 the Hudson River Railroad established its passenger depot finally, as was then supposed, at the corner of Chambers Street and West Broadway, and became the chief avenue of passenger traffic from the West. Thereupon the entire wholesale dry goods, hardware and importers' trade pulled out of its dark and dingy quarters on Front, Water, William, Beaver, Hanover Square, New and Broad streets and tumbled pell mell over into Vesey, Barclay, Park Place, College Place, Murray, Warren, Chambers and Reade streets. Columbia College got out of its venerable, box-embowered, lilac-bearing, terrace-lined and deeply umbrageous old home on College Place, where it had slept in silent, dignified repose since the days when Sir Peter Warren married his three American daughters all to British noblemen or generals, and the old hospital on Broadway and

Reade Street got notice to quit, as their places were wanted for the princes and traffickers of the earth. All this revolution, and the subsequent second remove of the wholesale dry goods and cloth trades from Murray and Warren streets up to their present home in the old "Anneke Jan's" tract, from Reade Street up to Canal Street, and from thence along Broadway, Mercer and Sullivan streets up to Washington Square, were made to meet the increasing Western trade and to get more house-room and better light.

Now, if the building of a vast railway thoroughfare shall bring in the Western passenger traffic at Twenty-third Street, over fourteen railways, all of which have heretofore distributed most of their passengers at Jersey City, there to cross over the ferries at Liberty, Cortlandt, Chambers, Desbrosses, and Christopher streets, this will involve a new, and we cannot but believe a rapid, forward move of the wholesale houses, the commercial hotels, theatres, banks, commission houses and local manufacturers into the new district which will thus be opened. This new district may be said to begin at Tenth, and possibly as low as Canal Street, and extend to Forty-second Street, where it will combine with the influx by way of the Seventieth Street bridge, if that shall ever be built.

The Twenty-third Street bridge is one in which every owner of real estate west of Broadway and between Fourteenth and Thirty-fourth streets to the river will have a very direct and palpable interest. It would add many times its cost to the value of the real estate there situated. The enhancement of values could not be measured even by hundreds of millions. It would also do much to revolutionize values and uses of land in Hoboken and Jersey City, Union Hill, Jersey City Heights and the whole domain from Bayonne and Bergen Point on the south, to Weehawken and Fort Lee, stretching westward half across the State of New Jersey. If the promoters and builders of the bridge desire to part with stock, there are fully fifty thousand owners of real estate whose value would be enhanced by the completion of the great enterprise. It is with this feeling that we transfer to our pages from the *Engineering Magazine* for November a description of the financial aspects of this great enterprise from the point of view of its architect, Gustav Lindenthal. He says:

"The bridge for eight tracks (including approaches three miles long) authorized by Congress from Hoboken in New Jersey to Twenty-third Street in New York (admittedly the best location and the only one worthy of serious consideration) will cost \$21,000,000; \$15,000,000 additional are required for right of way, approaches, and interest during construction. It will have a single span of 3,100 feet over the entire river. No saving in cost can be effected by a pier in the river, because a rock foundation can be had only at a depth exceeding 250 feet, involving hazardous and costly work. This was shown by the author years ago, and other engineers have since confirmed his judgment."

The steam and electrical railroads in New Jersey can be connected with those of New York City at a cost of \$36,000,000, and, if this sum is paid out as fast as the work can be built, then four years will suffice for construction.

The location of the bridge with relation to the local traffic is of the first importance. The more local traffic it can command and the nearer the bridge can be located to the ferry lines having now the heaviest passenger traffic, the greater the business it will get.

A more favorable location than that from Hoboken in New Jersey to Twenty-third Street in New York could not well be chosen along the entire river front. It will be equally convenient to all the thirteen railroads and several electric traction companies in New Jersey and to the down-town business and up-town residential districts in New York. It will be in the very heart of the hotel and theatre region and of the retail business and shopping center, which will furnish the largest amount of travel during the day, between the morning and evening rushes.

It is safe to say that, if the Brooklyn Bridge were owned by a private corporation, its owners would be compelled by self-interest to so arrange the bridge that the elevated and electric roads of Brooklyn could run their cars directly over to New York. In the case of the North River Bridge this privilege will be enjoyed by all kinds of railroads in New Jersey.

The North River Bridge and the elevated railroads in New York have, therefore, the following features in common: dependence upon private capital for construction; opening up new

territory for homes and residential purposes; saving of time and greater convenience in travel; and an undoubted prospect of a vast increase of traffic. The only difference is this—that the necessity for the bridge is felt to be much greater than the necessity for the elevated railroads or for the Brooklyn Bridge was felt to be at the time of their construction.

The elevated railroads began with 10-cent fares, competing with the 5-cent fares of the street railroads. Applying that experience to the proposed North River Bridge, we may expect that at the start an average 5-cent fare in local traffic will very well compete with a 3-cent ferry fare, or even a smaller one. The ferry carries the passenger merely from shore to shore, leaving him to walk from and to the cars, where he pays additional fares. For instance, a passenger from Jersey City Heights to the retail district near Madison Square in New York has to pay at present 13 cents (for one ferry and two street-car fares), and do considerable walking besides. If he is lucky in not missing connections at the ferry, he may complete his trip in 40 minutes; otherwise, in 50 minutes. Over the bridge the same trip will take 8 minutes and cost 5 cents.

Passengers from Bayonne and Greenville far away to the south will probably continue to use the ferries to lower New York in fine weather, but to the central part of New York they will use the bridge at all seasons as the shortest, cheapest, and most convenient route.

Passengers living in the pleasant suburbs of the Orange Hills arrive now in one of the railroad stations in Jersey City or Hoboken, and walk to the ferry, on an average 800 feet. After landing at one of the down-town ferry slips, the passenger finds no convenient cars to carry him to his office; he is obliged to walk (unless he chooses to hire the expensive cab) through the most disagreeable neighborhood of New York, with streets and sidewalks crowded and obstructed by every conceivable nuisance. He will gladly take, for a few cents more, the bridge route, from which the elevated railroad will carry him just where he wants to go, up or down town, with a saving in time of from 10 to 40 minutes. It will enable him and his family to come in the evening to New York to visit the concert or theatre, and return home, with no more trouble than if he lived near Central Park. People of a saving disposition may continue to use the ferries

and climb over truck ladders. All American experience in passenger transportation, however, is against it. Increased convenience and saving of time always attracts traffic, in spite of somewhat higher fares; otherwise the elevated railroads in New York would have starved to death the first year.

As traffic increases, facilities can be extended, and passengers may have the further comfort of riding through from the Oranges to the Battery without change, on steam or electric cars, as the case may be.

As regards railroad passengers from a distance and with baggage, a higher rate of compensation over the bridge will be justified, and an average of 10 cents will be admitted as a moderate estimate. (Whether the toll be arranged in this or some other form is immaterial at present in discussing or estimating revenue.)

The number of ferry passengers crossing the North river in 1886 was 58,894,000; in 1890, 72,260,000; in 1894, nearly 85,000,000; and, at the present rate of growth, it will reach, in 1900, at least 100,000,000; 50,000,000 from Hoboken, Jersey City, and Newark; 38,000,000 from other towns; and 12,000,000 from a distance of 30 miles and over. On the New Jersey side, within a radius of 30 miles, there is a population of 1,250,000 tributary to the North River Bridge—nearly equal to that on Long Island within the same radius, which at present supplies 135,000,000 passengers, across the East River.

In the estimates of revenue, it is assumed that 40 per cent. of all passengers across the North River will use the bridge the first year—namely, 32,000,000 local and suburban passengers, at an average of 5 cents, and about 8,000,000 longer distance passengers with baggage, at an average of 10 cents; on the whole, 40,000,000 passengers at an average of 6 cents.

When it is considered that a large increase of population (larger than the ordinary rate of increase) will take place in the near-by towns and cities of New Jersey, in anticipation of the completion of the bridge, as soon as the work can be energetically prosecuted; that land for homes is cheap and unlimited in New Jersey, within the sight of New York; that house rentals are only about one-half; and that a large region will be more quickly accessible than Harlem,—it cannot be said that either the number of passengers or the toll is placed too high. Still

less will it be doubted that the number of passengers will rapidly increase from year to year. It is almost certain that the experience with the New York elevated railroads will be here repeated, if not outdone.

The growth of the elevated railroads was as follows: in 1879, 46,045,000 passengers; 1880, 60,832,000; 1881, 75,586,000; 1882, 86,361,000; 1883, 92,125,000; 1884, 96,703,000; 1885, 103,355,000; 1886, 115,107,000; 1887, 158,963,000; 1888, 171,529,000; 1889, 179,497,000; 1890, 185,833,000; 1891, 196,714,000; 1892, 213,692,000; 1893, 221,407,000.*

This increase took place without any increase in the length (32 miles) of the four parallel roads constituting the elevated railroad system in New York, and in competition with parallel street car lines, whose business is equally large and growing. With such an experience before us, the conclusion can hardly be escaped that the bridge traffic, under the much more favorable conditions above named, will certainly grow at a similar rate, and in 10 years reach, if not overlap, 160,000,000 passengers.

The North River Bridge is intended to be a thoroughfare for the railroads, and not an independently conducted transportation route, like the Brooklyn Bridge. The Brooklyn Bridge carries one-third and the ferries two-thirds of the total number (135,000,000) crossing the East River, because the latter is comparatively narrow, the ferry lines numerous and conveniently located, and the time of the trip short. The passengers across the Brooklyn Bridge are not spared the discomfort of changing cars, and the consequent loss of time.

The North River, on the other hand, is twice as wide as the East river, and the ferry lines are less conveniently located, particularly to the business center of New York. The saving of time will be comparatively very much greater, with the almost certain result that within a few years the bridge passengers over the North River will greatly outnumber the ferry passengers.

* The entire street railroad traffic of New York City in 1887 was 164,000,000 passengers, or 148 trips per capita of population (1,107,000). Last year (1894), the streets and elevated railroads carried a total of 460,000,000 passengers, or at the rate of 250 trips per capita of population (1,840,000), proving that increased convenience of travel increases the capita rate of travel.

In the case of the North River Bridge there will be an important saving in the cost of terminals. The suburban traffic in New Jersey is being gradually absorbed by the electric railroads, which will not require the extensive terminal arrangements in New York that are needed for locomotive trains. A loop connection between the incoming and outgoing tracks will be sufficient. A very large passenger traffic can be handled with that arrangement. The through trains of all kinds require more room, but for these the railroads, it is believed, will prefer to provide their own passenger stations.

Another item of revenue will be that of perishable freight (including milk, fruit, meat, and other food products), of which there are about one thousand one hundred cars daily. The saving of time for this freight is so important that all of it can be expected for the bridge at the low tolls contemplated. In addition there is the express; then the through freight to and from New England (which will be limited only by the capacity of the New York Central Railroad to take care of it), and a certain proportion of the high-class local freight, which will depend upon the facilities for loading and unloading. The arrangement of freight stations separately built and owned by the railroads in St. Louis in connection with the Merchant Bridge gives an indication of the methods likely to be evolved for New York.

The rental from telegraph and telephone wires is also a considerable item, amounting, for instance, over the Brooklyn Bridge to over \$22,000 per annum, and sure to be twice as much over the North River Bridge.

There is no doubt that the revenue will greatly increase from year to year, and in 10 years probably will reach the same amount as on the elevated railroads (\$11,000,000) which have no revenue worth mentioning, except the passenger traffic at 5 cent fares, and yet pay good interest on a capitalization of \$70,000,000. It is true that more money will be invested, after the completion of the bridge, for the enlargement of terminals; but these will earn their own rentals.

The revenue for the first year, conservatively estimated, is as follows :

1.	Toll from 40,000,000 passengers at 6 cents average,	\$2,400,000
2.	Toll from express, perishable and high-class freights, and from other low-class and through freight to and from New England. (The annual number of loaded freight cars now crossing the river on floats is over 1,500,000, and the number of express cars with New York freight, but not crossing the river, is about 110,000) 400,000 loaded express and freight cars at an average of \$4.00.....	1,600,000
3.	Telegraph and telephone wire rentals.....	30,000
4.	Rentals from real estate (below the tracks) acquired and necessary for right of way and improved for renting purposes. 3 per cent. net on \$3,000,000.....	90,000
Total.....		\$4,120,000
Deduct from the above for maintenance, taxes, and other expenses (railroads preferably using their own equipment and crews, and paying their own operating expenses).....		\$20,000
Balance.....		\$3,300,000
sufficient to pay 6 per cent. on \$55,000,000.		

Modern ware and storage houses, similar to those of London, equipped with elevators for moving cars directly from the tracks to the warehouse floors, will reduce to a minimum the cost of handling, distribution and transfer of freight—a business indispensably connected with the bridge, joined as it will be to the railroad system of the entire continent. The saving of time and cost in the transfer of about 6,000,000 tons of merchandise will be an item so important to the commerce of the city that a small proportion of that saving for greatly improved service rendered will add vastly to the resources of the Bridge Company.

The North River Bridge is purposely so designed that its capacity may be increased from eight to fourteen tracks, a precaution the necessity of which was taught by the experience with the elevated railroads and the Brooklyn Bridge, which long ago became too small. The addition of six tracks on a second deck, when it becomes necessary, will cost only about \$3,500,000, against \$40,000,000 for a new six-track bridge with new approaches and right of way.

The brutal crowding in the cars of the elevated railroads and Brooklyn Bridge should not be taken as a standard for transportation capacity. But, assuming 10,000 passengers per track per hour, one-quarter of the passengers may still have to stand up. On special and rare occasions, when extraordinarily

large crowds have to be transported, the capacity per track and per hour may reach 15,000 passengers.

Of the eight tracks over the bridge two are intended for freight, two for express trains, and four for suburban and local trains with steam or electric power. During commission hours the freight tracks may be utilized also for suburban trains. The capacity of three tracks in, and as many out, would then be available for passenger transportation with a maximum per hour of 45,000 passengers. Assuming the number of commission hours to be 5 out of 24, and the traffic of the remaining 19 hours to be equal to that of the 5 commission hours (approximately true for the elevated railroads), then six tracks will suffice to transport from 450,000 to 500,000 passengers per day, or from 165,000,000 to 180,000,000 passengers per year—a number which will be reached much sooner than it was on the elevated railroads.

Not only, then, may the question whether the North River Bridge will pay be answered emphatically in the affirmative, but the wonder will be that it was ever asked. It is evident, however, that the bridge must be located, first, with reference to local passenger traffic, purely railroad traffic being a secondary matter. Fortunately the location at Hoboken meets both demands equally well.

The existing facilities are ample for the prompt execution of this large work in four years with the money ready to pay for it as promptly as the work can be put up—all of it, for half a bridge is worse than no bridge. It is nothing to the point that the Brooklyn Bridge required three times, and the Forth Bridge in Scotland twice four years. Since their time, very great progress has been made in rapid construction on a large scale, and a great deal depends on a thorough preparation and organization of the work before it is commenced. It can readily be contracted for directly with the largest manufacturers and builders, under proper guarantees, at bottom prices for cash. The project has the further advantage that the legal powers and rights of the company have already been adjudicated in the Supreme Court of the United States, so that the work may not hereafter be interrupted for long periods by injunctions and lawsuits. It is well known that delays from that cause have been disastrous to several large undertakings in this country.

The Legal Merits of Venezuela's Case.

THE Spanish in the New World retain much of the uncompromising spirit of the old grandees of Castile and Aragon. Their environment is American, and of the New World; but their pride and adhesion to old landmarks and traditions maintain them in close alliance to their Spanish ancestry, who would risk but little and yield nothing. This is apparent to any one who candidly examines Executive Document No. 226, of the 50th Congress, First Session, in which the President transmits to Congress the documents relating to the pending dispute between Venezuela and Great Britain concerning the boundaries between British Guiana and Venezuela.

American editors and some American statesmen have freely assumed that because Great Britain has might on her side therefore Venezuela must have the right on hers, or there would be no contest. Weak powers do not usually stir up groundless strife with strong ones. But we discover on the perusal of these documents that the essential boundary question, with the same merits as it possesses to-day, has been pending 315 years. During an early stage of this dispute the rights now belonging to mighty Great Britain then belonged to the little and weak Netherlands, who were at that time in some sort of national freedom or partial vassalage to Spain. The rights now held by little Venezuela were then held by mighty Spain, under its great Philips, from Philip II. to Philip V.; yet when the power was thus reversed and the kings of Spain could, with their little finger, have easily bent the claims of the Netherlands in South America to suit their will, they did not drive out all the non-Spanish occupants of the territory between the Essequibo and the Orinoco, nor compel their allegiance to Spain. This task, which Spain in the zenith of her power would not perform against a petty state which was for a time her vassal, the United States are now asked, in the name of the Monroe doctrine, to do on behalf of Venezuela. Nearly three centuries have passed since Spain permitted the adverse possession of the Dutch to begin, and every year of the intervening time has tended to strengthen the possessory title, against which we are now asked to insist upon arbitration or to take up arms.

Of course it requires careful examination of the documents to

ascertain that this is the true state of the case. But when the actual facts have thus been arrived at, the principle of international law that governs it is clear.

Spain discovered America and particularly the whole coast of Venezuela and Guiana, and so obtained a clear right to settle and colonize any and all parts of that coast. This was an inchoate right of property which would become absolute jurisdiction whenever and wherever her subjects founded colonies and held possession. Spain actually colonized and settled or established missions on the Orinoco shortly after 1531. Some of her missions were in the now disputed territory, but the Spanish built no forts or towns and carried on no permanent industries in the part of the coast lying between the Orinoco and the Essequibo, though her troops or expeditions made two efforts to drive out the Dutch settlers who had done so. From the first, therefore, as early as 1580, it was a question between Spanish abstract right to colonize, acquired by discovery, and Dutch actual possession, acquired by occupancy at points which Spanish settlement had left open and vacant.

In support of Venezuela's right, her diplomats, on page 27 of Doc. No. 226, quote Vattel on the Law of Nations, Book II, ch. 7. "Everything included in the country belonging to the nation and nobody besides itself, or he to whom it has devolved its right, being able to dispose of it. * * * If it has left uncultivated and desert places in the country, nobody has the right to take possession of them without its consent. Although it makes no actual use of them, these places belong to it, it has an interest in preserving them for future use, and ought not to be accountable to any person for the manner in which it makes use of its property."

This text refers to the waste places in an old country whose settlements surround and contain these waste places, and not to the unoccupied parts of a new continent like the Guianas, Barima, Moroco and Pumeron coasts in 1598. This is plain from such other texts of Vattel as the following (Book II. ch. 7.):

"It may happen that a nation may be contented with possessing only certain places or appropriating to itself certain rights *in a country that has not a master*, and be little desirous of possessing the whole country. In this case another may take what the first has neglected; but this

cannot be done without allowing them an entire and absolute independence with respect to all the rights acquired by the first." Again (ch. 11), Vattel says: "We ought not then to consider property as so extensive and secure a right that it can be absolutely neglected during a long space of time, notwithstanding all the inconveniences that may happen to human society by the proprietor resolving to make use of it according to his caprice. Why does the law of nature order all to respect this right of property in him who possesses it, if it is not for the peace, safety and advantage of human society? Nature must, then, from the same reason, require that every proprietor who, for a long time, and without any just reason, neglects his right, should be presumed to have entirely renounced and abandoned it. This is what forms the absolute presumption or *juris et de jure* of its being abandoned, and upon which another is legally entitled to appropriate the thing abandoned to himself." Again, "Usucaption and prescription (title by possession and length of time), are founded in the law of nature, are equally a part of the law of nations and ought to take place between different states. So far is the nature of the subject from forming any exception, that usucaption and prescription are much more necessarily used between sovereign states than between individuals. * * * Were it permitted to have constantly recourse to ancient times, there are few sovereigns who would enjoy their rights in security, and there would be no peace to be hoped for on earth."

With the law thus made clear, it is easy to see what is the effect of the facts. Not one of the lawyers commissioned by Venezuela to speak for her, claims that, since the first few priests followed the discoverers into the country in dispute in 1531 as itinerant missionaries to the natives, and not as settlers, there has been any settlement or colonizing by the Spanish of ever so small a part of the country between Punta Barima, at the mouth of the Orinoco, the extreme western point to which Great Britain claims, and the Essequibo. Nor do any of Venezuela's diplomats (Calcano in 1876, Camacho in 1880, Seijas in 1882, and Soteldo in 1885) fail to admit that what they call the "intrusions" of settlers, resident population, or armed, forcible and continuous occupiers, into the now disputed territory from 1585 to date, have always been made by Dutch and English, as

an overflow from what is now British Guiana, except when, on two occasions, 1595 and 1665, the Spanish temporarily drove the Dutch across the Essequibo, and on a third occasion, 1797, they were repulsed in the effort to do so. Even these successive attempts to dislodge them, too, prove their continued occupancy. Had the Dutch troops come into the same territory on a like errand, they would have found no Spanish population to dislodge.

It is Mr. Seijas on behalf of Venezuela who, on page 26 of the document alluded to, says that in "1596 they (the Spanish) immediately drove the Dutch from it (the Essequibo) who attempted to cross it;" also that "in 1779 a Spanish Commissioner sent to investigate" found that the Dutch had in Moruca a post, although insignificant, since it only consisted of two dismantled cannon and some swivel guns, and he recommended, however, for the security of the new settlements which might be made [but never were.—Ed. Econ.] "the dislodgement of the Dutch from said post."

While Moruca is but a few leagues west of the Essequibo River, the maintenance of a fort there a century ago, which the Spanish resolved to capture but did not, along with other settlements, forts and trading stations at different and often earlier dates, from the Barima and Barama Rivers to Punta Barima on the Orinoco itself, serves to spread the continuous and uninterrupted occupation by the Dutch directly across the coast line in front of the whole territory in dispute.

Whatever country owns the coast line may run any reasonable line from its coast back to the interior. The utmost line claimed by Lord Salisbury runs from this point, Barima, southward along the line of the nearest mountains to Brazil. Modern example and precept justify the selection of mountain summits as better than rivers as boundary lines, since the former make a more natural barrier between populations, while rivers are almost sure to gather homogeneous populations on both their banks. It is a fact worthy of note that the Venezuelan map published by authority of the Venezuelan government and furnished by it to our own government, notes down every Venezuelan hamlet and town, but they all fall outside of the farthest line drawn by Schaumburgk, Aberdeen, Granville or Salisbury as the outer line of the British frontier. But within the dis

puted territory, though it contains nearly as large a population as Caracas, the Venezuelan map notes no settlement or town whatever. The Venezuelan government fails to note on its official map of the territory in dispute the towns and settlements which now occupy it, but maps it without the population marks which are required to make the map a true and accurate map. The producers of such a map in a Court of Justice would be at an evident disadvantage.

Against the case made on behalf of Guiana by an uninterrupted possession for three hundred and ten years, Venezuela opposes the charge that the whole of this possession was usurpation, intrusion and violation of treaties, and their diplomatists insist that a good title cannot be obtained by prescription or lapse of time where possession is wrongfully usurped in the first instance. Unfortunately for the Venezuelan contention, the whole purpose of prescription is to cut off inquiry into the question whether the original acquirement of possession was with or without right. If it could not do that it would not be in itself a valid and peremptory source of title.

But our citations from Vattel show that the occupancy of lands left vacant by an original discoverer is neither a usurpation nor an intrusion, but the beginning of a lawful title. If the Dutch could get no title by occupancy to coasts which the Spanish had merely discovered, but had not settled, then, as Lord Aberdeen remarks (p. 30), the English could have no present right to any part of Guiana, as it was all first discovered by Spaniards, and only belonged to the Dutch by occupancy, or what the Venezuelans in their present argument would be compelled to call "usurpation."

The Treaty of Munster, made between Spain and the Netherlands in 1648, is strongly quoted by Venezuela as binding the two States, each to leave the other in possession of the territory in America which it was then occupying. The historians and geographers, maps and travelers of the period between 1648 and 1799 are only in seeming conflict. About an equal number and weight of all those sources of information represent the territory in dispute as Spanish by right or as occupied by the Dutch, both of which are consistent. The only occasions between 1580 and 1797 when the Spanish intervened at any of the points in the disputed territory were when they

came with the strong hand to drive out the Dutch who had made their homes there. But though the Spanish Government ordered towns and forts to be built at various points, they were never built, and no Spanish or Venezuelan populations seem ever to have occupied any part of the disputed territory. The Venezuelan commissioners virtually admit the plea of Lords Aberdeen and Salisbury that the occupation has never been Spanish, in the following words (p. 32):

"To deliver up territories in which populations have been founded cannot help producing grievances, in that all the world is in accord. But the convenient is not the right, neither can it be confounded with it. He who has occupied a thing not his own remains with the obligation to restitute it whenever it is demanded of him, and to indemnify all the damages consequent upon the illicit act."

This bases the whole Venezuelan case on the bald and single issue that Spanish discovery gives not merely the first right to occupy, and by occupation to acquire, title, but that it gives, without occupation, a perfected title which makes all occupation by others perpetually wrongful.

Such a pretense is in contradiction to the clear teachings of Vattel and of every other writer on the law of nations. Indeed, it contradicts the plain principles of common sense.

The Venezuelans have offered on two occasions to run the boundary line in a manner which would give British Guiana more or less territory on the western bank of the Essequibo. Lord Salisbury declines to arbitrate so much as is conceded by one of these offers.

If the line should be run as demanded by Lord Salisbury in 1880, from Point Barima, on the mouth of the Orinoco, where the Dutch seem to have had their fort from about 1589 to 1768, no American statesman could declare that it involved a claim not justified by nearly two centuries of exclusive Dutch possession. If the line should run thence to the nearest mountain tops, follow them to the river Cuyuni and up that river to Brazil, it would be a logical and severe line; but it does not appear that it would involve the surrender by Venezuela of any of her own population to English rule. On the contrary, the surrender of this territory to Venezuela would abandon 40,000 British and descendants of Dutch residents to a Spanish

jurisdiction which they have for centuries refused to acknowledge.

Mere discovery does not give a perfected title. It gives only a prior opportunity to obtain a title by occupying. In this case the Spaniards have always claimed but never occupied. The movement into a country to reside there, of a population acknowledging a national jurisdiction is necessary to perfect a national title to the country.

We are wary of uttering a word in behalf of British pretensions to foreign territory, for we are deeply sensible of the aggressive tendency of British diplomacy in all parts of the world. They have ever been hungry for conquest, and assert their title to ownership, and enforce their claims, especially against weak nations, on the slimest evidence. In all such matters England's policy is to give itself the benefit of the doubt; but in the present case, so far as official documents throw any light on the subject, the facts are against the Venezuelan claim. To be right is better even than to be against the British.

What Shall Be Done With the Tariff?

Success involves responsibility. The Republican party has been elected upon two successive decisive votes by unparalleled majorities. If the extraordinary majorities given in 1894-95 mean anything, they mean that a protective policy shall be maintained. The recent changes in the tariff have created an alarming deficit in the revenue as well as serious injury to certain industries, notably those of wool and woollens.

When Congress meets, the first problem with which it will have to deal will be the revenue. It must either consent to perpetuate the present policy of running the nation into debt by a continuous series of bond issues, or adopt measures to increase the revenue by about \$70,000,000 a year. If it decides to redeem the solvency of the government by increasing the revenues, which, of course, it will, it must choose between protective or non-protective methods of raising the revenue. On this point the Nation hath spoken. Protective methods have been demanded. Unless the clearly enunciated conviction of the people is to be set aside and ignored, the revenue must be raised by protective duties only. Any concession to the doctrine of raising the

needed revenue by a tax on beer or on bank checks, or by any other mode of increasing the internal taxes, would be a violation of the public confidence and entitle the Fifty-fourth Congress to the same kind of discipline that has just been meted out to the members of the Fifty-third. Nor has this Congress the right, by the conditions of its existence, to consider any proposition for meeting the deficiency by increasing the tax on tea, coffee, or any non-competing foreign articles.

This is what the President and the 53d Congress stood for and is what the colossal majorities of 1894-'95 condemn. We repeat, then, that to be true to the explicit mandate of the election, the 54th Congress has no option but to raise the necessary revenue through protective duties, and through them alone.

Of course this involves the opening of the tariff question, which of itself is a very serious matter. Many Republican journals throughout the country have already begun to realize the seriousness to their party of another tariff session of Congress. It is being urged by some that since it is doubtful whether the Senate would pass a revenue bill providing for more protective duties, and if such a measure should get through the Senate, the President may be relied upon to veto it. It is useless for this Congress to open the question, especially as the very discussion of the subject will have a disturbing effect upon business; and, it is added, a disturbance in business would be injurious to the prospects of the Republican party in 1896. After both the Senate and the Presidency shall be secured, the tariff question must be thoroughly revised on a protective basis.

This is the reasoning of politicians and not of statesmen. It puts the success of the Republican party before the interests of the country. Any scheme which does that is bad politics as well as poor statesmanship. Party success must be earned, and in the long run can be secured only by high-minded public service.

The opening of the tariff question to put duties up probably never harms business. In 1862-5 the duties were raised almost every six months, and business clapped its hands for joy. In 1867 duties were raised again and business boomed. So in 1875 and 1890. It is only when the tariff question is opened to lower duties that business shrinks. The advocates of the Wilson Bill struggled to deny that the tariff question was the chief cause of the business disturbance of '92-3-4, but they now, in common

with everybody else, admit the fact, That business men shrink from another protracted discussion of the subject is a sufficient cause for caution.

Although the new tariff has been injurious throughout the country and seriously affected many industries, its more serious blunders can be corrected without a general revision of the tariff. While a revision along the lines of increasing duties would never create a disastrous disturbance, a general revision should be avoided for two reasons: (1) because it will take too long a time, and may possibly then be defeated by the Senate or the President; and (2) it would agitate an unnecessarily large number of persons.

The protective party is in power. Business confidence needs only this guarantee against home-industry-depleting legislation. Foreign capital will feel safer in holding our securities. Domestic capital will feel warranted in participating in new enterprises.

To pass the question over until after the Presidential election would be to evade the issue which the deficiency in the Treasury makes imperative. A general revision of the tariff, with a protracted session of Congress, would create industrial and financial uncertainty.

Neither of these two courses, therefore, can be justified either on the ground of party success or public welfare. In view of the peculiar situation, with the imperative command of a popular vote, and handicapped by an adverse executive and a doubtful Senate, the new Congress must adopt a policy that shall be at once simple, direct and emphatic.

Its revenue measure should not admit of protracted discussion. It should not contain more than three or four clauses. The Republican majority should put it through with the utmost dispatch. Then, if the Democrats in the Senate and the President insist upon defeating it, the responsibility of perpetuating the deficiency, and the continual increase of the national debt, will be theirs. So much the new Congress cannot avoid without itself assuming the responsibility for the failure to sustain the solvency of the nation. If its leaders are willing to adopt this course, and so meet the situation in a prompt, brief and efficient manner, it can do it by changing two items in the tariff law:

- (1) Restore the duty on wool and woolens.
- (2) Levy a duty of one cent a pound on raw sugar.

These two items would furnish nearly eighty millions of revenue, which would make up the entire deficiency.

The reason for taxing wool and woolens is that these industries received the greatest injury at the hands of the new tariff law. It is quite probable that a duty of 6 or 8 cents a pound instead of 12, on raw wool, would be adequate for all protective purposes and possibly yield sufficient revenue. This with the resumption of the duty on woolens would yield a revenue of from twenty to thirty millions. A duty of one cent a pound on raw sugar would cause practically no disturbance of business whatever.

The little readjustment that would arise from these two changes would all be on the hopeful and stimulating side of domestic industries. It would afford protection to American sugar raisers and be a hardship to nobody. It would also do away with that very objectionable device, the payment of bounties, which has found little favor among protectionists of any period. It has the added disadvantage of depleting the treasury instead of adding to the revenues, in proportion as they succeed in promoting production.

A revenue measure covering wool, woolens and sugar, besides protecting languishing industries, would be at once simple, explicit, direct and effective. With the immense majority in the new House, it could be passed in two weeks. Such a policy would demonstrate to the country that the new Congress had conviction, courage and political integrity, and defeat at the hands of the President or his friends in the Senate would but add to its honor and future success.

Practical Christian Sociology.

SCIENTIFIC men observe that the absence of the critical and logical faculty in clergymen is one of the startling facts of the present day. Especially do those who seek to modernize the Gospel by blending it with certain elements of science excite our admiration by their versatility of invention. They bring to their aid a phenomenal inaccuracy of statement and a socially dangerous

looseness of inference, which make it difficult to point out their errancy without seeming to impugn their motives. Often that very element of veracity to which they are assumed to have solemnly dedicated their lives, is lost and submerged in their pleasing flow of the impossible. This characteristic is strikingly illustrated in a work entitled "Christian Sociology," by Mr. Crafts. While entertaining, and in a sense captivating, it manifests intense desire to make the world better by queer stories. Some of these festive creations are pretty, some sad and some ingenious. But all are inspiring. All tend toward what Mr. Craft believes to be a higher life, so much higher that one feels it is a pity that the steps by which it is reached are not historic verities.

Thus Mr. Crafts chooses to indulge the pretty fancy that the word "wife," by virtue of the original signification of its Saxon or Scandinavian root, means "weaver," and that the word husband means house-band. On this happy conception he constructs these charming stanzas:

- "Wife means weaver," he said;
"And when hearts truly wed
 There is knitting of soul unto soul;
Life itself is the thread
From the breast spool of red
 Which a will not our own doth unroll.
- "Through the warp of heart cords
Shoots the woof of sweet words,
 And the shuttle that weaves them is love;
Fairer robes this affords
Than have princes and lords,
 Less only than angels above.
- "Through the changes in life
Stands the weaver, the wife,
 By the side of the love-driven loom;
Keeping out knots of strife,
While the bright threads are rife,
 And she weaveth the beauty of home."

The fact is, that the word weaver comes from a root meaning a web, and the word "wife" from a root meaning to vibrate or tremble, alluding to the craven or timid element of fear, which in the brutal bluntness of early Saxon and Scan-

dinavian barbarism constituted the marked feature of wifehood. Whoever has heard an American Indian command his squaw will have ocular demonstration of the primitive meaning of the word "wife."

Again we are told (p. 165) concerning Adam Smith that, when a boy his eye fell upon that sentence of Jeremy Bentham — "the greatest good of the greatest number," which took such hold of his mind that it led him in manhood to write "The Wealth of Nations. As Smith was born in 1723 and Bentham in 1748, Smith was 25 years old when Bentham was born; and as "The Wealth of Nations," which had occupied 10 years in the writing, was published in 1776, at a time when Bentham had only published his criticism on Blackstone's lectures, it is plain that Smith could have borrowed no inspiration in his boyhood from Bentham.

On page 125 our author declares that "all sympathetic strikes have been weighed and found wanting, numbered and finished." If this means that there will be no more sympathetic strikes it is an unwarranted and false prediction. If it means that there ought to be no more, it is an unwarranted economic statement, for all strikes are sympathetic. If none are to strike but those who are directly injured by the employer's action, the employer would only need to divide up his action by making it apply to a few at a time to enforce any degree of submission. In a certain sense American Emancipation and, indeed, most political movements involve the principle of sympathetic strikes.

Church organizations can be useful in the instruction of the people in economic questions only in the degree that the preachers who assume to discuss them first become sound and judicious in their judgments and accurate and truthful in their statements. Mr. Crafts' judgments on economic questions are of the flashy and *ad captandum* sort.

The economic object of his book is to cause higher wages to be paid by employers, but if they are not paid, then to persuade workmen to "patience." The ethical assumption which conditions the book is that both these courses are evident duties. All this is supposed to be axiomatic. The fact that some people are very poor and their employers very rich makes it impious to dispute that the former ought to get more at the hands of the latter. The source from they ought to be paid is divi-

dends. Profit makers ought to divide less, in order that wage workers may receive more. All these highly important propositions, which it would be so interesting to an economist to see proved, are assumed by Mr. Crafts to be true without proof. That the world would be better in the degree that dividends should be confiscated and applied to the payment of wages, and that wage workers should be content if this is not done, are too evident to be soiled or obscured by argument.

Next in importance to this high duty of capitalists to devote their dividends to the payment of higher wages is the duty of wage workers not to strike in order to get them. If such higher wages are not paid they should be patient and wait until the Kingdom of God shall come in the hearts of capitalists and induce them to do as Crafts tells them.

The organization which Mr. Crafts is pleased to call by various names, such as "the Church," "the Kingdom of God," "the Love of Jesus," "the Reign of Christ," is to be the agency which will cause the rich to devote their dividends to paying higher wages and the poor to be patient, without strikes or strife, till they do. Christian sociology consists in teaching that the various and heterogeneous associations of men, of often unlike and sometimes antagonistic aims and faith, whom Mr. Crafts clothes with a forced and specious unity under the pseudonym "the Church," are the competent and only possible means of solving all problems of interest that divide the employers from the employing class. Mr. Crafts admits at the outset that "the Church" was not constituted for the purpose of determining or even investigating economic problems, and that "the Church," as such, is still a tyro in economic science, only a few of its local congregations having held offhand and superficial conferences on the subject of labor and capital, which came to no unity and no result except to teach them how little they knew.

The one united organization which represents 200,000,000 of Christians, leaving only about 160,000,000 of Protestants and the Greek Church outside its fold, has issued through its Pope two very clear encyclical letters. The first teaches that socialism is not to be tolerated by the Church; the second that it is. The first holds that laborers are to be patient and get their sociology from the Church and its bishops. The second declares

that the Church and its bishops are to have respect for the impatience of laborers, and are to allow their priests to teach laborers to aspire toward the coming social revolution. The first declares that private property in land is the basis of civilization; the second, that the right of agitation against private property in land is part of Catholic liberty.

This in substance is the chaotic whole exteriorly known as "the Church." No portion of it has yet been instructed systematically in economic science, and no two fragments of it have a common platform of debate or tribunal of decision. This is the agency which is to educate the rich into paying just wages and is to drill the poor to be patient in the receipt of unjust wages.

Notwithstanding the Church as a whole has never been able to settle any of its own disputed theories as to duty, destiny and God, we are not insensible to the fact that its methods have often been discreet and harmonizing, and that it has the advantage in disputes between capital and labor of a certain neutrality of position which might be made useful if its officers and agents are well equipped with economic knowledge as well as with kind intent.

Mr. Crafts regards the labor unions as inadequate representatives of labor interests (p. 129), because they contain in all in the United States only about one million members, while "the Methodist and Baptist Churches contain more wage earners than all the unions."

But the Methodist and Baptist Churches were not formed to raise wages or to dispose of capitalistic dividends. Mr. Crafts would resent the imputation that even a small, faithful congregation and pastor, consisting perhaps of ten persons, would be necessarily helpless and inefficient for lack of numbers in the work for which that congregation is formed and to which it is adapted, viz., saving souls. It is almost a cardinal doctrine of Protestantism that wealth and numbers increase the difficulty of doing good work in the matters of religion. They tend to make a church "worldly," i.e., to convert it into a social organization.

Ever so small a church can labor more effectively in religious work than the largest trades union could in that line. It is reasonable to infer that a trades union, however small the

membership, might work more efficiently than the largest church on a wage question.

Mr. Crafts' plan for the solution of social questions is the ordinary one of magnifying his own office. It consists in going back to a theocracy. The Church has never felt much reluctance to become the State. In a like degree, as many Christians outside of church membership are effectively represented by the church organizations, so the wage-workers not in the unions are efficiently spoken for by the unions.

The real hope then that "the Church," or the Church's methods, are adequate to the solution of the labor question is not seriously greater than the hope that the organized trade unions will work efficiently to the same end.

Since the means by which the Church is to govern are assumed to be persuasive rather than coercive, the quality of the statements which are supposed to be essential to persuade becomes important.

On page 123 we find Mr. Crafts saying that in New York City, in 1894, there was a monopoly called the Bread Trust, which resisted a crusade of public opinion against charging eight cents a pound for bread that cost it two cents.

There has been, and can be, no monopoly of bread-making in New York City, since every family that has a fire can make and bake its bread. There has been no crusade of public opinion against something that was impossible—no charge of eight cents a pound for bread in 1894. The common five-cent loaf has for years weighed a pound. The cost of materials has at all times been, and should be, about two and one-half cents a pound or loaf, before the baker's work is applied, and most food doubles in price in its preparation for the table by cooking, and should do so, to give the retailer compensation for his work. There is no soullessness of corporations in the case.

On page 146 we find the phrase "industrial injustice that now prevails," and on the same page the assertion that "justice in industry will leave small room for charity." These socialist phrases are frequent. What the suffering poor need is "abundance."

Capital has no means of making dividends, except by employing, feeding, clothing, transporting or sheltering labor. It must in some way serve in order to reign.

To suppose that capital ruthlessly discharges its laborers while it is still making dividends out of their labor, and hence, that the continued dividends form a fund out of which idle labor can be paid continued wages, is economic lunacy. If wages stop it is proof that profits have previously stopped. If workers are idle, the capital which hired them is idle. To get at how wages can be resumed there must be an inquiry as to what will restore profits.

Mr. Crafts says (p. 304) that, "compared with the drink question, the tariff wrangle is a mere baby." Let us see; the drink question gives rise to a consumption of liquors, partly as beverages, partly for mechanical, medicinal, and sacramental purposes, amounting to \$900,000,000 a year. Much of this is harmful, some of it is useful. But it is consumption. It is not direct deprivation, want or calamity.

The tariff question has, in the opinion of a clear majority, and that the most intelligent of the American people, in two years impaired values in the United States by 20,000,000,000 of dollars, and annual earnings by 40 per cent., or 4,000,000,000 of dollars.

The relative dimensions of the tariff baby to the temperance baby are therefore about 20 to 1, if we consider only the money side. If we resort to their moral aspect, so much of crime is due to poverty that the proportions are not greatly changed. The advocates of protection, by tariffs on imports, to those domestic industries with which foreign industries compete, of the diversification of domestic industries by irrigation of the arid West, of all internal improvements that will intensify our interior commerce, of such discriminating duties on imports as will revive our merchant marine, of such a banking system as will give capital the greatest mobility for investment in those parts of the country where it is scarce, are called by Mr. Crafts materialists.

They endeavor to give the laboring classes abundance. This, in our opinion, is something better than the glittering metaphysical abstraction or concept known as justice, about which no two minds agree. Abundance in material goods renders questions of abstract justice idle and profitless. When a man living in a good home, surrounded by every comfort, and associating with comfortable friends has enjoyed a good dinner, he

is then ready to listen with cheerful indifference to the agitator who undertakes to prove that if all taxes were reduced to a single tax, or if wealth were distributed by the State, or if municipalities owned all the monopolies, the partridge on which he has dined would have held one more acorn in his crop.

The class of writers to which Mr. Crafts belongs is considerable in numbers and respectable even in its errors. It has the ear of a large public following. It means unselfishly to do good, but it has a bias against industrial policies, on the notion that actions whose motive is profit are less beneficent than those whose motive is benevolent. This is a fundamental mistake. The great and all-important motives which cause the performance of the world's best work are selfish and profitable. Altruism is good as a help to the unfit—to those who fail or are ill-conditioned. But the world's work in the main must be done by the fit.

Economic Service of Capital.

THE economic forces of society carry the index hand of price on all compensatory products to that point which pays a capital cost which is additional to the wage labor cost of every productive process. No productive process can continuously go on except as these two costs are paid out of the price of the joint product of capital and labor. Carl Marx thinks he detects divergence in the direction which these two values, labor value and capital value, take, and declares that the laborer ought to get them both; that that which goes to compensate capital is a reward for monopoly and not for service, and that the "restoration" of this surplus value to labor is the one moral reform now needed to reconstruct society on a basis of justice. This erroneous view forms the very pivot of all socialism.

The Duke of Argyle in "Unseen Foundations" substitutes for the word "capital" the word "abilities," and undertakes to show that the share of value which goes to labor in wages pays only or mainly for the manual or physical effort involved in production, while the "surplus value" of Carl Marx, the share of the price of the gross product of each process which remains after wages are paid, goes to pay for "abilities," i. e., for intellectual service.

This form of statement by the Duke of Argyle, which is followed by Mallock, is not particularly true. The two factors which consume the larger portion of the share of the price which remains in the employer's hand after paying wages are rent of the plant in which the business is carried on, and interest on the capital with which it is conducted. These are both returns to capital, and the only ability they pay for is the ability to amass and invest capital properly. So nearly do these two factors swallow up the whole of what Carl Marx calls "surplus value," that it is axiomatic among business men that the enterpriser who is working wholly on hired plant and borrowed capital cannot long keep his head out of water. The payment of full rent on plant and full interest on capital swamps the enterpriser, so speedily as to disclose the economic law that the employers' share in the price of products, after paying wages only, tends constantly towards a fund sufficient to pay rents and interest only, to the utter elimination of true profits.

This mode of division is thus hinted at by Adam Smith (Book II, ch. 3), "that part of the annual produce of the land and labor of any country, which replaces a capital, never is immediately employed to maintain any but productive hands. It pays the wages of productive labor only." "When it (the annual product) first comes, either from the ground or from the hands of the productive laborers, it naturally divides itself into two parts. One of them, and frequently the largest, is in the first place destined for replacing a capital (i.e., reimbursing for wages paid, both in the last process and in producing the raw material for that process) or for renewing the provisions, materials and finished work which had been withdrawn from a capital. The other for constituting a revenue, either to the owner of this capital, as interest, or to some other person, as the rent of his land. Of the produce of a great manufactory, in the same manner, one part, and that always the largest, replaces the capital of the undertaker of the work; the other pays his profit, and thus constitutes a revenue to the owner of this capital."

The "ability" that takes the direction of industry, pays wages, organizes industry and makes profits, or disperses capital and loses, is thus seen to be one special form of ability, viz. :

economic ability or the ability to amass capital, to loan it safely and to invest it profitably in land. This ability, on analysis, resolves itself into the ability to foresee the demand of the aggregate societary movement as to the space it is to live and work in (paid for by rent), the time it must have to produce in (paid for by interest and wages), and the adaptation of its lines and modes of production to the public demand (paid for by salaries for abilities and by profits on investments.)

The fact that the average value (prices) of commodities contains a compensation for these steering services on the part of the employing class, which Carl Marx calls "surplus values," and declares to be proximately equal to the wage or labor value, shows that capital's services are all economic and value-creating services, just as much as that of wage labor, or they would not add this "surplus" value of Marx to the product in a manner to make it visible in the price.

Each of the services rendered by capital resolves itself on analysis into a labor-serving service. The labor-saving and time-saving quality of machinery is evident. But a lot of land also is a labor-saving investment, when it is so built upon that 5,000 persons instead of fifty may save transportation labor by working upon it, i. e., may place themselves nearer to the portion of the societary movement which they need in order to make those exchanges of labor or money or commodities which pertain to their business. Loans of money also save labor if they supply a man at once with the use of capital which it would take him years to amass. All profits are labor-saving gains because they come from and in some way satisfy a greater economic demand for commodities at a less cost than had before been done, whereby the profit maker gets all that share of saving in cost, which he is not compelled by competition to part with to the consumer in reduced price.

Since every form of the service rendered by capital resolves itself into labor saving, it follows that the reason why capital compensation, i. e. (the surplus value of Carl Marx), is contained in the price, is because wage labor alone could not possibly render the half of the service which capital renders as cheaply as capital itself renders it.

Conceding that the cause of all price or value in commodities is service rendered in producing the commodity, and that

this service is rendered jointly, and in many cases, equally by capital and labor, and that the cost of rendering this service determines price, we are brought back to the question, what determines the cost of rendering the service? Obviously a larger cost will not be continuously invested in rendering any service than the abilities and inclination of consumers continuously incline them to pay. In short, while the abilities of producers create commodities in the physical sense, it is the ability and inclination of consumers to pay for them that give them value.

This economic fact has nowhere been better presented than in the tables and diagrams of our Departments of Agriculture, showing that wages of agricultural labor and prices of agricultural products and values of farm lands all rise in direct proportion as consumers of farm products predominate in number over producers; and that this ratio works out arithmetically in every county and State in the United States. Wages of manufacturing and prices of manufactured products, and the costliness or value of manufacturing plants, relatively to the volume and value of their output, all rise as we get away from the centres of manufacturing industry to the points where the consumers of these manufactured products outnumber most heavily their producers.

Shoes grow dearer as we go from Lynn westward, while chairs may grow dearer as we go from Grand Rapids and Chicago, whether eastward or westward.

But consumers' ability, or, as Adam Smith calls it, effective demand, is, in fact, the ability of the complimentary class of producers. If but two things were produced, shoes and corn, and each was swapped for the other, then an increase in the production of corn, without any corresponding increase in the production of shoes, would send up the price of shoes, until a given amount of effort expended in producing shoes would again pay for the equivalent amount of effort expended in producing corn. Adam Smith was right in regarding labor as the cause of all value, but his language has become anachronous only because since his day the larger use of machine power has made it true that nearly half of all labor is performed by capital. All the variations in price are merely so many outmoving waves of impulse, all seeking a more exact equation in exchange between equally effective industrial efforts. It is the

perfect equivalence in exchange of equally effective efforts to supply demand that constitutes the level at which all the turbulence in the great ocean of values comes to a rest.

The ideal price of every commodity is that at which a given amount of efforts—a day's work, for instance, measured according to its effectiveness in satisfying human demand, through this commodity—will balance against an equivalent effort employed in producing any other commodity. Nothing bears a value except human effort, and the totality of human effort constitutes the whole fund with which human effort can anywhere be purchased. Society advances, and both the number and the quality of its enjoyments increase directly in proportion to the number and variety of these exchanges of human effort, and inversely as the square of the friction with which they are accomplished. As all compensation for effort is wages, and all wages are a return of counter-efforts, there can be no such thing as a universal rise of the wages of all sorts of efforts. As some become more highly paid, others must become more gratuitous, for the ultimate definition of high wages must be the purchase of much effort with little, and this capacity is one which cannot be made universal. It may be general in one country, occupation, locality or period relatively to another, but each wave must have its trough as well as its crest. The entire population of the globe cannot be enabled each to purchase a large amount of service from others by the expenditure of a small amount of effort. But it is conceivable that each inhabitant of the globe can be furnished with a large aggregate of commodities by the expenditure of a small amount of effort.

The chief feature which has characterized modern industry has been the rapid differentiation between the rate of wages in the highly capitalized (machine-using) countries and that in the hand labor, non-capitalized or barbarious countries. The rate of wages is from twenty-five to forty times higher in the United States than in India and China, and the rates in the intermediate nations grade downward in a descending scale as we pass from California eastward to China. Yet, so reinforced is the Western world by machine power and intellectual force, that Sir Thomas Brassey found that a given volume of effective work, the building of a mile of railway, for instance, cost as much in India as in America. The military strength of nations is no

longer measured by their number of fighting men and chariots, but by their number of foot-tons of working power.

Great Britain contains but 35,000,000 and India about 225,000,000 of people. But when Great Britain is reinforced by a machine power equal to that of 1,200,000,000, and India by a machine power of probably less than half her manual power, Great Britain sums up four times stronger than a country having sixfold her population.

The Status of Sociology.

WE owe to Comte the word "sociology," which first appeared in the fourth volume of his "Positive Philosophy," issued in 1839. With him it was a comprehensive term, covering the positive study of all the fundamental laws proper to social phenomena. He was the first to grasp the idea of society as a whole and to realize its solidarity. Ever since Comte's day the chief difficulty seems to have been with the word, coined by Comte to make it stand for something distinctive and definite.

The debate is still on as to what precisely is meant by "sociology." There are some who claim that it is a part of political economy; and teachers of the latter science have been accustomed to deal with sociology as a branch or outgrowth of economics. Prof. Patten, of the University of Pennsylvania, who is an able advocate of this view, holds "that the only entrance to sociology lies through the economic studies which have already proved so fruitful of results in an adjacent field."

In some educational institutions sociology is regarded as a philosophy of society, while in others it is practically a study of the institutions of tribal communities. Herbert Spencer makes sociology a physical philosophy of society and at the same time treats it as solely and essentially descriptive. He has been a brilliant exemplar of observation and generalization, but he seems to be cognizant of only such forces as he saw working in nature, and he interprets all social growth substantially in terms of the evolutionary theory.

In Belgium, where there has been a most remarkable and significant development of interest in the social sciences, Dr. Greef has devoted himself to the construction of a general sociology, of which two introductory volumes have appeared. He

adopts a certain classification of social phenomena which practically includes everything, from the harvesting of corn and grapes to electioneering contests, and finds the special province of sociology in the phenomena of contracts.

Among French sociologists, Le Play is deserving of special mention, particularly for developing methods of social investigation and because of his clear delineation of certain corrupt conditions and unsocial tendencies. René Worms, an official of the French Bureau of Commerce and Industry, and Secretary of the *Institute Internationale de Sociology*, regards as a science only "the general science of societies," and differentiates it sharply from economic science.

Lillienfield in his "Thoughts upon the Social Science of the Future," in four volumes, takes for his thesis "that human life, like physical organisms, is a real entity; it is nothing more than a continuation of nature; it is only a higher expression of the same energies which underlie all natural phenomena."

Schäffle, the Austrian statesman, in his able work, entitled "Structure and Life of the Social Body," pursues analytically processes guided by the analogies of biology, his aim being to discover the functional relations of social phenomena. He dissects society to find its immanent needs and possibilities, and in that way proposes to find the basis for intelligent social life.

American sociologists are beginning to make a name for themselves, and while differing in definitions and methods, are yet earnestly engaged in exploiting the new science.

Lester F. Ward is pronounced in his views as to the scope and meaning of sociology, and emphasizes, as no one else has, the psychic forces in society. He argues that artificial selection gradually supplements natural selection, and claims that society, in becoming self-conscious, can and should shape, volitionally shape, its own ends. Mr. Ward makes social evolution distinctly a psychic product.

Prof. A. N. Small, head Professor of Sociology in the University of Chicago, defines the science as "first, the synthesis of all that has been learned about society as it has been and as it is, in its structure and in its essence; and second, it is the science of social ideals—a qualitative and approximate account of the society which ought to be." Practically, in his teaching, Professor Small makes sociology a co ordinating science; differ-

ing therein from other university teachers, who treat it as a fundamental science.

Professor Giddings, of Columbia, for whom was created the first American university Professorship of Sociology, thus distinctively designated, claims that "sociology, general or philosophical, is a broad penetrating and thorough scientific study of society as a whole, a search for its causes, for the laws of its structure and growth, and for a rational view of its purpose, function, meaning and destiny. It is the science which purposes to investigate the forces which have come into action where human society exists." Its practical utility, in his judgment, consists in deriving the rules of right social living from the facts and laws which prevail by nature in the constitution of society. Then there are critics like Dr. S. W. Dike, who insist that a clear distinction must be maintained between the terms "sociological" and "social," since they are not equivalent, and only popular confusion results from the careless employment of the words.

One might well exclaim after this incomplete array of definitions, what is to be done when there is such a diversity, not to say contrariety, of views as to the meaning and province of sociology. Some justly feel that much of the work thus far in the department of sociology has been distinctive.

Mr. Leslie Stephen, in the same line, has said "that there is no science of sociology, properly scientific; merely a host of vague empirical observations too flimsy to be useful in strict logical inference." This may be an extreme utterance, but it is in part the result of disagreements among scholars as to just what sociology is. There is no mistaking the popular desire for something practical, something which will contribute in scientific ways to the betterment of society. We do not, however, sympathize with those who deem society necessarily abstruse and purely theoretical, or "an ensemble of our political and moral sciences bound together in a fanciful unity."

If sociology is to stand and hold the place claimed for it, it must be constructive and address itself to the work of applying social principles to concrete social problems. If sociology is a real, coherent science, then we may expect from it large results of great practical moment. That it has not become a science clearly defined, and in its purpose accepted by all scholars and

those seeking better social conditions, is in part owing to its unwillingness to avow any constructive aim. The sciences dealing with man in society can no longer remain indifferent or hostile to moral laws which underlie all social progress. There is more to be done than to gather statistical data and investigate phenomena apart from moral forces. The work of sociology only begins with the observation of existing phenomena. We hold that it must give society a knowledge of how to create phenomena that shall be just, how apply principles that will lead to right social motives and visions.

Political economy has been "the dismal science," because it dealt with man as with a mere machine, took no account of his higher nature and its wants, treated him as if only possessed of material necessities, and ignored the fact that he had moral relations. Economic science must be ethical, take cognizance of something else besides relations between persons and things.

We believe that sociology should study the whole field of societary phenomena, investigating uniformities and details in order to develop right principles of living, right views of social relations. What is asked of sociology is a true science of human society. It is not enough to learn how the social phenomena we have about us came to be developed; we want besides this a firm grasp on the laws, and the causes producing them, and then a knowledge of how so to modify and control them, that an improved society will result. Sociology must become a philosophy of society, explaining what is, and also revealing what ought to be.

Woman Labor in England.

For nearly a century one of the most difficult phases of the social problem has been the conditions of woman labor. With the development of the factory system and the general use of machinery women have been gradually substituted for men in many industries, and a large number of branches of industry have risen where women and children are almost exclusively employed. The conditions under which women submit, and therefore are compelled to work, wherever they are not working side by side with men, are almost invariably worse than those under which men work, and their wages are always much lower.

Among the industries, outside of textile factories, in which women largely predominate, are the cloak, tailoring and other industries which are grouped under the sweating system; cigar making and retail mercantile establishments and laundering. In these the longest hours, most unsanitary and unhealthful conditions and the lowest pay prevails. In fact, to sum it up in one phrase, it may be said that the condition of the modern working girl is one of the most urgent social problems of the day.

Like other phases of the labor and wage question, it is not peculiar to locality or nationality, but the product of phase of civilization. Those who are interested in the sweat-shop and shop girl question, as showing itself in the large cities in this country, will be interested in the following discussion of the subject as it exists in England, by Evelyn March Phillips.* In an article on factory legislation for women she says:

Every effort has been made to place the facts regarding these conditions before the public. In addition to previous inquiries, Miss Clementina Black has lately collected and carefully tabulated particulars relating to steam laundries, supplied from sources upon which full reliance may be placed. According to these, a full week's work, taking the short Monday and Saturday and the long Friday, very commonly comes out at upwards of seventy-three hours, or, to quote one example taken at random from twenty:

Monday	8	A.M.	to	5	P.M.	9 hours.
Tuesday	7	"	"	8	"	13 "
Wednesday	7	"	"	8	"	13 "
Thursday	7	"	"	10.15	"	15½ "
Friday	7	"	"	1	A.M.	18 "
Saturday	8	"	"	1.30	P.M.	5½ "

Total 73¾ hours.

In busy seasons, which usually last from Easter till August, but may range from Easter to December, it is quite common to work on Friday till 3:30 A.M., and occasionally till 4, or even 5, in the morning. Girls of 15 and 16, working 74 hours a week for a wage of 5s., will be kept till 3.30 on Friday, with 1d. an hour for overtime. Sunday work is not unknown; almost all work through Good Friday and part of Bank Holidays, and Christmas Day is the only one universally excepted.

*Fortnightly Review, May, 1895.

The pay is poor, considering the arduous nature of the work; piece-workers earn from 12s. to 15s. a week. Finery ironers may make as much as 20s., but time-workers are paid 2s. 6d. for a full day, and 3d. an hour for overtime. A collar hand, who gets 1d. a dozen, mentions 16 dozen as a good day's work for 12 hours. In no case is the worker allowed to sit down, or given time for a meal after 5:30, and it hardly ever appears that, when overtime is worked, there is time off in the day.

The air is charged with steam, which collects on the ceiling, drenches the cotton clothes of the women and children, and drips from their hair; the ironing-rooms are seldom well ventilated, and the temperature is fearfully high. Dangerous machinery is undefended, and accidents to hands and fingers occur frequently.

At last we rejoice that it is proposed to bring this stupendous industry under control, but it is rather surprising to note the exemption of hand-laundries (i.e., laundries in which no steam or water-power is used) from the most important sanitary provisions. It is the premises of the hand-laundry which are often small, old-fashioned and imperfectly adapted. It is here that we find (in rooms 7 1-2 or 8 feet high) lines stretched above the workers' heads, from which wet clothes flap against their shoulders, and badly laid, worn-out floors, which collect pools of soapy water, from which the workers are ill defended by old mats or unsteady islands, improvised out of loose bricks. Here, too, the coke or gas stove, placed in the middle of the ironing-room, vitiates the already exhausted air with its noxious fumes.

The temperature recently registered in some hand-laundries in Kensington ranges from 80° to 90° Fahr. Numbers of hands are employed in these, and it is difficult to see why no attempt is to be made to regulate their temperature and to insure properly drained flooring. To require much of the cottage room, where Mrs. Brown calls in Mrs. Smith to help her to wash for Mrs. Jones, might be too drastic, but one would like to see the line drawn at hand-laundries which employ more than (say) two paid assistants, instead of, as at present, efforts directed towards penalizing those large establishments from which all the best improvements are to be hoped for.

Sir. Charles Dilke's amendments propose that the Cotton

Cloth Factories' Act for 1889 shall apply to every laundry, with such modifications as to the limits of humidity as may be settled by the Secretary of State. A practical result of such a provision would be to separate the drying from the washing and ironing-rooms, while, even in the washing-room, proper ventilation would disperse the heavy steam, which conduces to the rheumatism and chest diseases to which laundresses are peculiarly liable.

The bill specially excepts any laundry in which the only persons employed are members of the same family dwelling there, and it consequently does not entertain the idea of domestic workshops in this trade. It is not easy or even desirable to interfere with the woman who takes in a little washing, and is helped by her own family only. On the other hand, it is not only likely, but strikes us as almost inevitable, that a system will spring up by which large laundries will farm out their surplus work to be done at emergency hours, in a fringe of small cottage homes, where the labor of the children of the family, boys and girls of thirteen or fourteen, and even younger, may be unscrupulously utilized, and where once more "those will be best off who have the most of them." Remembering how child labor has been invariably exploited wherever the opportunity has been given, it is impossible to avoid a misgiving that such tasks as turning the handles of machines, carrying irons and heavy pails of water, and folding for the mangle, may come to press heavily on the weakest, in ways which will not be realized till some crying scandal compels our attention. This point can only be dealt with by the clause in the bill concerning the giving out of work, under which homes to which great laundries habitually give out work may be regarded as part of the factory; and if this aspect of the trade should be inspected out of existence as soon as it arises, there will be little to regret.

Inspectors would doubtless deal discreetly with hand-laundries already existing, which may be difficult to adapt to the requirements of to-day. We must, however, recollect that 8s., and probably double that amount, is charged to the customer for the sixteen dozen which the collar workers turn out for 1s. 4d.; that elaborate cotton dresses are "got up" at the rate of 1s. 6d. each, and that 4s. to 5s. is not an unusual price to charge for them; that shirts, for which 1s. 3d. a dozen

is paid to the ironers, cost the tradesman and the gentleman from 4d. to 8d. each, and other things in proportion; so that, making every allowance for expensive premises and other outlay, the profits should admit of the relaying of flooring, the putting in of ventilators, and the addition of a drying-room.

Those who oppose the emancipation of laundry-workers from the "tyranny of perfect freedom," threaten them with displacement by men, able to work excessive hours. If women can only retain their employment on condition of working such long hours, it is better that some should lose it, rather than that those hours should be compulsory for all; but there is no reason to believe that any number of women will be thrown out. Much of the work requires a skilled hand, and a skilled man would not work for the wages which women at present accept. Some of the rougher work may fall into men's hands at first, but as in the case of other factories, the hours will in the end be settled by the class of workers whose output is limited. We must not forget that well-ordered laundries already exist where the proprietors find factory regulations not incompatible with prosperity. The Women's Employment Defence League tells us that no Factory Act will succeed in changing the customs and requirements of the British public, and that "the wash" is a sacred institution which it is hopeless to attempt to control; but, as a matter of fact, the public adapts itself with remarkable docility to any change dictated by the law, and only waits to be told what it must do, to discover that it is perfectly able to do it.

"As long as legal overtime is allowed, illegal overtime will be worked;" so said one of a deputation to the Home Secretary last year. It is the knowledge that this statement is absolutely true, added to a well-founded belief in the evils of overtime, which makes us ungrateful for any proposal dealing with it, short of total abolition.

In men's highly-organized trades the feeling against overtime has grown steadily stronger. The opinion of the extra strain involved is expressed by the rate of pay demanded—a rate which has risen from time and a quarter to time and a half. The popular idea of overtime among women is that it is a means whereby they can augment their daily earnings at their own discretion. The practical working of a permission which

becomes an order, compels the workers to add another three hours at least to the long day's work, often for many days beyond the legal limit, at the pleasure of the employer. The convictions for working illegal overtime secured by Miss Abraham in 1894, in the dressmaking business alone, suggest to what an extent undiscovered breaches of the law exist. The late Chief Inspector of Factories states that granting an extension till 9, leads to work being carried on till 1 or 2 in the morning, sometimes even longer than that. Miss Collet, when collecting evidence for the Labor Commission, came across one house where a number of French dressmakers occasionally worked all night, and others where overtime was constantly worked without the required notice to the inspector being given, and says that it is obvious that illegal overtime is very frequently worked. However vigilant the inspector may be, as the pressure comes on in many business places simultaneously, it is impossible to detect any considerable number at one time. The dressmaker, pressed to finish two or three court dresses, averaging thirty guineas each, or a costly trousseau, does not hesitate to risk incurring a small penalty for "not reporting overtime," and it is easy to make the poor dependent employees swear that it is the first day that week that they have made long hours, though the inspector may shrewdly suspect that the number of days legally allowed have been far exceeded. Cases occur in the printing trade where women work all night, and for several days and nights together, when some popular magazine has to be brought out up to time. Weddings and funerals are made the occasion for excessive hours. As a country dressmaker said, to justify the employment of a number of young girls from 7 A.M. on one day to 8 P.M. on the day following, "Miss — was going to be married. What could I do?"

Even where a case for prosecution is brought to light, the difficulty of securing a conviction is considerable. Girls sometimes give information when goaded by fatigue, the exhortations of relatives, and the consciousness of breaking health, but their courage is apt to fail entirely when they are required to come forward, and not unnaturally, when they know that if they give evidence they will be marked in their trade or their neighborhood. One girl who had written to complain to the inspector of very frequent overwork was so terrified at what she had done

that she ran away, and it was a long time before her whereabouts could be ascertained.

Perhaps the high pay which the trade unions exact gives rise to the belief that overtime is a great source of gain to women, but the fact is that the pay is always very inadequate, the usual rate, or something less, being all that is given. Dressmakers, even in London houses, often receive only 2d. an hour, and in many cases overtime is *not paid for at all*. Apprentices frequently work after hours for nothing. In Dublin, Miss Orme found girls who had never heard of pay for overtime in the workshops in their lives, and in some of those trades which are not yet included in the Factory Acts, almost children are kept late at night, "till they have finished," without an extra penny of wages.

We can best gather the opinion of experts as to the effect of overtime and its necessity, by examining the evidence of inspectors of factories and workshops, which has been collected from official reports and laid before the House of Commons by the Womens' Trade Union League. These experienced critics hold dressmakers and other makers-up of wearing apparel to be the worst offenders. Not satisfied with the long hours sanctioned, they frequently exceed the already more than liberal allowance. The inspectors remind us that, in the majority of cases where overtime is made, the rooms have become stuffy and ill ventilated after the long day's occupation, and the air is rendered still more impure by the large quantity of gas necessary. In the opinion of these experts, much of the good of the Factory Act is undone by allowing delicate girls and women to work in sudden spurts for fourteen hours at a time. Many of these young persons being qualified by education may be only thirteen, and it does not need many days of such high pressure permanently to injure the health of a child of that age.

Although a withdrawal of the overtime exception would meet with protest from employers, accustomed from habit and competition to avail themselves to the full of the concessions of the law, it is believed that some would welcome such an amendment, and many have acknowledged that if all overtime were abolished, and no rival were permitted to steal a march upon them, they would be satisfied to give it up. Inspector Cramp is "convinced that there is no necessity for this overtime; the season trade

work and the press of orders would be executed just the same if it were illegal, and only mean the employment of more hands;" and a brother inspector pithily remarks, "Out-workers and overtime-workers are the two great causes of out-of-workers."

The whole question is one of forethought and organization on the part of employers and customers. Trades in which long hours are habitually worked are liable to sudden "rushes," as any trade will become which is allowed to develop in this direction. Before the passing of the Factory Acts the same irregularity existed in the textile trades; the impossibility of controlling orders was hotly insisted upon, and manufacturers bitterly prophesied ruin; but as their rigid exclusion from exceptional relaxation has never been tampered with, conditions have adjusted themselves to the inevitable, and both buyers and sellers now plan and prepare months beforehand for their consignments. What can be more "seasonal" than the trade in woolen and cotton goods, and why should the manufacturer of made-up articles, particularly of men's clothes, much less envelope-folding, box-making, or pottery moulding, be liable to more severe pressure?

Among women workers themselves, the feeling in favor of total abolition is strong. The Leeds Tailoress' Union is one of those which has passed a practically unanimous resolution to that effect. The irregularities of their trade are such that they often work overtime late at night, and then remain idle for days together. I am skeptical as to any petition signed by working girls to permit its continuance; and the most experienced of those who study their interests are convinced that if a secret ballot could be taken, it would show a universal consensus of opinion in favor of the limited day. A dressmaker's apprentice remarked to one of the female inspectors, "The overtime exception just spoils the Factory Act;" and the chorus of approval with which the sentiment was endorsed proved that she had put the universal feeling of her companions into words.

The Scottish Chamber of Commerce, some time ago, brought in and passed a resolution in favor of women making overtime in the textile trades. A petition was circulated through the factories for signature by the workpeople, but, except those of a few thoughtless girls, no names were obtained. At the present time, the same course is being pursued in parts

of Yorkshire, but the attempt is viewed with deep displeasure by organized and unorganized workers alike; and, though considerable pressure has been brought to bear, and women have been urged by employers in their own offices, they are firm in refusing to adopt any such retrograde policy.

There seems no good reason why the non-textile should not follow the excellent example of the textile trades on this point, and emulate the success of those who steadily agitated to secure the boon. There is, indeed, no reason, except the historical one—which is none at all—that the textile trades, having been first in the field, have always kept a little ahead; and a superstition would appear to prevail that they should be allowed to retain their precedence.

While it is not easy to account for the exclusion of non-textile trades from the full benefit of the Factory Acts, it is still more difficult to understand why operations which are not actual manufactures, but which are incidental to and inseparable from the sale of manufactures, should be left entirely free—such operations as packing of all kinds, bottling and metal-burnishing, to say nothing of such industries as rag and paper sorting, in which large numbers of women and girls are employed. Many of the great packing warehouses have voluntarily adopted factory hours and regulations, proving that there is no reason why they should not be classed with *bona-fide* factories. In others, conditions are disgraceful, hours excessive; and the trades are often of such a nature as to make long hours dangerous and trying, and imperatively to require regulations to insure cleanliness.

Clause 30, again, provides that the temperature shall reach 60° in every workroom where the making-up of wearing apparel is carried on. If this is done with a proper regard to ventilation, it should prove an inestimable boon to tailors and dress-makers; but why should other workers still suffer as terribly from cold as they have done in the past? Only a very small minority of workrooms are heated properly. I know a great mat factory where artificial heat was introduced for the first time during the arctic weather of last February, and in which girls have previously told me that often they could not feel the fibre with their frozen fingers. It is almost incredible that no provision on this score exists, and that though 65° and 70° is no unusual temperature for workrooms to attain, this is only achieved,

in the large majority of cases, by closing all ventilation tight up and keeping the gas alight from early morning until work ceases at night, when the state of the atmosphere must be poisonous. Perhaps needlewomen suffer less from cold (though they do often suffer bitterly from this) and more from vitiated air than the hands in rough factories, for where highly-skilled fingering is required some degree of warmth is imperative. As the proprietor of a properly-warmed lace factory says, "If we didn't do it for the girls, we should have to do it for the work."

A case occurred in 1875, and was quoted before the Sweating Committee, of a girl who asked to be let off taking work home from the factory, after working hours, on the plea that her mother, who was dying, could not bear the candle-light late at night in the one tiny room. The employer was pressed for time and the performance of the task was insisted upon. The girl struggled on for a time till, rendered desperate by her mother's suffering, she threw up the work, and was discharged on the spot. Why quote what happened as far back as 1875? you ask. Why, indeed, but for the reason that during the twenty years that have since elapsed nothing whatever has been done to free women from the obligation to work both in the factory and the home for excessive hours, if their employer so desire. Such instances are still common enough; and we hear of some Jew tailors who employ young women on Sundays from 8 A.M. to 4 P.M., and then give them work to take home, which keeps them fully occupied till 11 o'clock at night. Mr. Asquith's clauses on giving out work provide that no woman can be obliged, or is even allowed, to take home work after being employed morning and afternoon in a factory, and no child shall take it out if he or she has been employed at all. We should like it to be clear that no child is to be employed by *any* factory or workshop on given-out work after working inside the factory. Women might avail themselves of a doubt on this point, as by going off to take work out from another factory there could be no question of the coercion which constitutes the real evil of the system.

Trade Unionism vs. Socialism.

THE community at large little knows of the struggle now going on in the industrial world, the outcome of which will determine for some years the trend of general society. Trade Unions are being condemned in many quarters on account of the mistakes they make. It is overlooked that all new social or industrial movements make many false steps, but if the principle underlying the movement is correct, it must ultimately triumph and demonstrate its necessity in the evolution of institutions.

The arrogance of ignorance has frequently injured the operations of united labor, bringing deserved condemnation on its untimely ill-judged efforts, and unfortunately obscuring the social and economic necessity for their action.

When the community realizes that national development and general prosperity can only proceed in exact accordance with the constantly increasing wage rate of the industrial workers; that the wage-earning capacity of the laboring classes is the chief cause of national progress, then the efforts of trade unions to raise wages will be encouraged and not condemned; but on the contrary, aid will be given in properly directing their action.

The next wave of advancing socialism is likely to acquire such proportions that the virtues of trade unionism will be plainly visible to all anti-socialists. The community will then realize what a powerful preventive against socialistic ideas the trade-union movement is, and how radically opposed the two movements are to each other, and how bitter and constant the fight between them. Praise, not condemnation; aid, not opposition, will then be the heritage of the labor movement.

Radical socialism and conservative trade unionism will lock horns, and the active skirmishing of the past will develop into heavy fighting. Socialism, with its governmental ownership of all property and military direction of production, is sufficiently understood by the conservative elements of society to enable them to decide on which side of the contest their forces must be utilized. The lines of national development and general social improvement will be so clearly revealed, and the utility and economic basis of trade unionism so easily understood, that this

union of the conservatively progressive elements will give a greater impetus to social progress and make more advancement in a given time than has been accomplished in any previous period of history.

The sooner the public understands the true nature and economic action of trade unionism the better able and better prepared it will be to direct its forces to meet the oncoming tide of socialism which threatens engulfment to present social institutions. The plausible philosophy of socialism must soon be met by action outlined from and grounded upon scientific economic philosophy.

The conscientious conviction of the socialist that there can be no improvement under the present system can only be dispelled by clearly demonstrating with historic data the industrial evolution and improvement of the past. Comparisons of the past with the present fortify this, and proof must be furnished that the same economic influences are still in active operation, and only require intelligent direction to bring about the best possible conditions compatible with the social character of the people.

Socialism cries for more liberty for the masses, for a greater proportion of the wealth produced by general society, which they claim is wholly produced by laborers. They deny that intelligent direction of concentrated capital, improved machinery and improved methods of production create the surplus wealth which causes social progress and well-being. Even if the latter elements do create the surplus wealth, socialism still contends that it belongs to society and not to individuals. The present individualistic system of society is based on social injustice, which will continue until socialism is inaugurated.

Trades-unionism, on the other hand, recognizes the validity of the claims made by capital and science, and only asks for recognition of their organizations as schools which develop the mind and character of their members, and make their action more effective as the growth of character among wage earners manifests itself.

Trades-unionism recognizes the fact that machinery and method, and concentrated capital, are displacing the man, relieving him of the burden of creating the surplus wealth which is necessary to general social progress; and that this social wealth,

created by the scientific application of natural and economic forces, must be distributed to the general mass of society through higher wages for workers and taxation for public improvements—all of which make possible fewer hours of labor for the wage receiver, and more hours to devote to social improvement.

Contrast the two agencies, and which will the conservatively progressive elements of society embrace? One or the other they must choose; static conditions of civilized human society no longer exist; the dynamic social forces are now so mighty in power and irrepressible in action, that, if not wisely directed through a scientific knowledge of economic cause and effect, violent social upheavals will ensue, property destroyed, fortunes swept away, and man will learn, through another costly object-lesson, that the social world is governed by law, and that his chief duty is to learn what that law is, and govern himself accordingly.

JAMES M. FINLAY.

Editorial Crucible.

IN THE ARTICLES of Hon. Roswell G. Horr, the *New York Weekly Tribune* is giving its readers some of the best talk on tariff, money and wages that is finding its way into public print anywhere. Unlike most writers, and particularly newspaper writers, on these subjects, Mr. Horr does not rehash the empirical notions of forty years ago, but he gives in his own quaint, readable way the most modern and scientific discussion of the subject.

Both the managers and readers of the *Tribune* are to be congratulated upon having the constant benefit of Mr. Horr's work. If every protective paper could have one pen that kept as true to principles, as close to fact, and as careful of economic accuracy upon these questions as Mr. Horr, the people of this country would soon be proof against the flippant, *laissez-faire* crusade.

IN GIVING the new Congress the benefit of its good offices, the *Evening Post* sagely warns it against touching the tariff, particularly the wool schedule. One would think from its remarks that it had not heard of the returns from New England; for it says, "New England is becoming reconciled to free wool. She dreads another ten or twenty years of tariff changes, with all the uncertainties of politics hanging over her head."

Perhaps that is the reason Massachusetts changed her vote from 6,467 majority for a free wool governor in 1891 to 65,000 majority for a protection governor in 1895. If the *Post* has not heard of the election, we beg leave to call its attention to the fact that one occurred on November 5th, and that as an expert adviser on tariff matters, it was voted a failure and was permanently discharged.

THE EXPORT BOUNTY advocates appear to be redoubling their efforts to boom their scheme for the Presidential election. They seem to be becoming reckless in the method of their propaganda. They are beginning to adopt the doubtful expedient of publishing anonymous tracts, than which nothing throws greater suspicion on any cause. In their anonymous literature they repeat with emphasis the obvious errors that

have been several times exposed, and what is worse, they are doing it all in the name of protection.

The object of their special efforts is manifestly to fasten themselves upon the Republican party in 1896. If the Republican party hopes to keep the confidence of the intelligent business part of the nation it will be as careful to steer clear of this export bounty heresy as it would of free silver, greenbackism or populism. To indorse the Lubin scheme would as surely cause its defeat as would the indorsement of Carl Marx.

NEW ZEALAND makes an exceptionally good record in meeting the new issues in the industrial world. While the labor party is largely in the majority, it has surprised every one by its moderation. An arbitration bill has been passed through its agency which encourages the formation of industrial unions and associations, and facilitates the settlement of disputes by a council of arbitration.

Employers are dealt with individually and employees as members of some industrial union; no single workman has, however, the power to put the act into operation. The shop bill provides for closing all shops once in each week from 1 P.M. Women and children are forbidden to work more than fifty-eight hours per week in shops, and shopkeepers are to provide proper sitting accommodations for employees. The former are also forbidden their help more than ten and a half hours in one day. Sweating is prevented by the new consolidation bill, requiring all articles made outside a factory or work-room to bear a printed label to that effect.

IT IS COMFORTING to know that the New York *Evening Post* is able to extract political gratification out of the election returns of November 5, 1895. To be sure, it is slightly disappointing that the Tammany ticket was elected, but this is far more than overbalanced by the satisfaction that New Jersey, Maryland and Kentucky have gone Republican by large majorities, and that the Republican majority in Ohio has been increased to 100,000; that in Iowa from a Democratic majority in 1892 to 75,000 Republican majority this year, and that Massachusetts has added 50,000 to its Republican majority.

We trust that Mr. Cleveland, Mr. Carlisle, Mr. Wilson and

their friends also can see the material for rejoicing in these election figures. They are indeed very significant, but their chief significance consists of the fact that they once more inscribe on the sky in unmistakable characters the people's disgust at the industrial, financial and foreign policy of the present national administration.

We are glad the *Post* is happy, and if it is not feigning its happiness it will accept the verdict and turn its attention to something better than trying to force a free trade policy upon the United States for, at least, a decade to come.

WHILE THE MUTUAL jealousy of the five great powers of Europe, as to the disposition to be made of Turkey, is not confessed, yet it is obviously impracticable for them to move at all until they have first agreed upon the whole programme, even to the division that is to be made of the Ottoman Empire, if it is to be divided, and the new government which is to be substituted for that of the Sultan. England's influence is made conservative by the fact that more than 40,000,000 of the population of India are Mohammedan. Many of these regard the Sultan as their religious and political representative among nations. It is impossible to forecast the depth or danger of the discontent that would be aroused among other Mohammedan populations by a movement that should look to the early extinction of the last Mohammedan power. As Lord Salisbury remarks, Great Britain has more Mohammedan subjects to look after than the Sultan has. Even were this not so, the task of imposing a Christian government on Turkey would be an uninviting role, full of difficulty. A Christian protectorate by the European powers would mean an armed occupation for an indefinite period, at great cost, and this would not lessen the burden of taxes which has so much to do with the existing difficulties. To attempt to establish a Christian government in a country where only a very small fraction of Christian population exist, and where an overwhelming majority of the people would be chronic rebels, would be a despotic and a nearly hopeless task.

England, France and Italy fought in 1851-3 desperately to prevent Russia from destroying the Turkish monarchy and establishing the winter capital of the Slavonic race at Constantinople. It now looks as if they had fought only to preserve a

political cancer to which it had been better that the knife had been then applied. This now seems to be the only effective solution of the difficulty.

A LARGE MAJORITY of the Democrats in the State of Missouri are friendly to silver and want it used to the fullest extent the sound business interests of the country will admit of.—*Kansas City Times*.

That seems to be impossible. The people won't use it to that extent. Three hundred and sixty-five millions of silver dollars are lying to-day in the United States Treasury, while fifty-eight millions only are in circulation. The "sound business interests" of the country would permit every silver dollar coined to be in use, but the public won't have them.—*New York Sun*.

Our esteemed contemporary, the *Sun*, besides being the frankest is one of the brightest and ablest papers that comes to our table, but being human it occasionally makes a little slip, particularly in its economics. The above reply to the *Kansas City Times* is an instance. Its statement that 365,000,000 of silver dollars are lying to-day in the United States Treasury, while 58,000,000 only are in circulation," is not strictly correct.

This statement has been made by Bradstreet's and other journals, and is frequently quoted to show that silver is forced out of circulation and is lying idle. Now, the fact is that over 320 of the 365 million silver dollars lying idle in the United States Treasury are represented in circulation by silver certificates and, therefore, are for all monetary purposes in circulation.

To represent that only 58,000,000 of the silver dollars are in circulation because only that number of the coined dollars circulate, while the remainder is doing the same service by certificates, is to give an entirely wrong impression of the facts. Instead of there only being \$58,000,000 in circulation, there are only a little over 51,000,000 out of the 423,000,000 of the coined silver dollars that are not in circulation. In other words, eight-ninths of the entire coined silver dollars are in circulation either as silver dollars or certificates, which is identically the same thing so far as the monetary circulation is concerned.

The poor old silver dollar fares hard enough when the facts are told, without abusing it with this sort of unfair weapons.

SECRETARY CARLISLE makes a slight but very important mistake in saying that "the fundamental vice in our currency system is the legal tender note, etc." Conceding, as THE SOCIAL ECONOMIST most ardently does, that the legal tender note now needs to be retired, still the vice in our currency system is not the legal tender note itself, but the incapacity of our financiers, including especially Mr. Carlisle, to devise and propose such a substitute currency in place of the greenback note as will make its retirement safe, possible and wise, and the incapacity of the Democratic and Republican press generally to see the necessity of both retiring the greenbacks, and substituting a bank note currency which will be at once safe, judicious and expedient. Mr. Carlisle might as well stand on the seashore and complain that the vice of our continental position is the Atlantic Ocean, which prevents commerce with Europe. If the proper ship were provided, the ocean would become a means of commerce, not an obstacle to commerce.

The legal tender note was issued for adequate reasons in its day. It filled a national exigency. The vice that compelled its issue was that headstrong ignorance of the great mass of the Democratic States which led them to prefer rebellion to union.

It is not becoming in a representative of a State, one-third or half of which was deeply saturated with the faults and vices that made the issue of the legal tender notes necessary, and who narrowly missed being a rebel himself, to point to the legal tender note as to a "vice" of any kind. It is too deeply saturated with virtue in its history and power.

It is like our national debt, our heavy pension list, our crippled soldiers, or any other honorable relic of the most stupendous and most useful struggle of this century. But its work is done. Bury it with the heroes of war. Fire a thousand guns over its grave. Let the blare of grateful trumpets sound its glorious requiem. Its honor and its service are a part of history. It is not a banking system, and we need one. It is not a currency by means of which the banks can be compelled to supply gold when it is needed for export, and we need such a currency. Not to propose such a banking system is the real vice of our monetary condition. Secretary Carlisle and the New York Chamber of Commerce, and even the Sound Currency

Committee, are in the daily practice of that very vice. They do not propose any plan by which the greenbacks can be retired—any ship by which the State can set out on the broad ocean which divides fiat money from redemption in coin. For those on whom a duty devolves not to be able to perform it successfully, is the real vice.

THE NEW YORK *Mail and Express* and ex-Senator Warner Miller, and perhaps some others, though we do not know of them, are trying to make the public believe that they believe that the great Republican victory in New York State was due to Warner Miller's plank indorsing the Sunday law, and that the success of Tammany in New York City was the result of the County Convention not indorsing Mr. Miller's plank.

It is almost hopeless to reason with people who see things only through their hobbies. Warner Miller, at least, ought to be statesman enough to see at longer range than this, even if the *Mail and Express* can't. If the great majority in New York State is due to Warner Miller's Sunday-closing plank, then what is the majority in Ohio due to? What are the extraordinary majorities in Iowa and Massachusetts due to, and what is the passing of New Jersey and Maryland and Kentucky from the Democratic to the Republican column due to? No Sunday laws were working there.

It is very much like the narrow conclusion Dr. Parkhurst arrived at last year in attributing the whole defeat of Tammany to the police exposure, whereas it was but a part of the political avalanche that was coming down on Democracy everywhere throughout the country. The Republican majority in New York State is not more exceptional than those in a dozen other States in the Union, and is clearly attributable to the blunders and incapacity of the National administration, the result of which the great mass of the people are still suffering from.

The reason Tammany succeeded in New York City is not less clear to any unbiased observer. The influence of the excise law in this city was strong enough to neutralize the political disgust with the National administration which created a tidal wave everywhere else. This showed itself in several ways: (1) By sending probably 20,000 Germans over to Tammany who cared more for what they call "liberal excise law" than for party in-

terests or national policy. (2) By the lack of enthusiastic union among anti-Tammany forces. (3) By the rule-or-ruin attitude of the various cliques of self-righteous reformers; the so-called non-partisan Good Government Clubs, instead of co-operating with the only decent ticket that had any chance of success, displayed their phariseeical conceit and lack of practical sense, if not of political honesty, by doing all they could, short of voting for Tammany, to defeat the party of Good Government and Municipal Reform.

Dr. Parkhurst contributed to this political imbecility, and thereby to the success of Tammany, by advocating the scratching of the ticket, instead of the enthusiastic support of it. The result of this egotistical and unpractical attitude of so-called non-partisan reformers did much to deaden the enthusiasm of indifferent voters, and added enough to the stay-at-homes to give the victory to Tammany. In short, the great Republican majorities in New York State, like that in the other States throughout the Union, were due to the economic incapacity and blunders of the National administration, and the success of Tammany in New York City is due mainly to Roosevelt, Parkhurst and the Good Government Clubs.

Economics in the Magazines.

BRIDGE. *Will a Bridge Across the Hudson River Pay?* By Gustav Lindenthal, in *The Engineering Magazine* for November.

The architect of the projected bridge connecting New York City with Hoboken and Jersey City, by crossing from 23d street to Hoboken Heights, computes that the cost of the bridge and its terminals will be \$36,000,000, and that its earnings would pay 6 per cent. annually on \$55,000,000. It is designed to be a thoroughfare over which railroads can send their own cars, and not an independently conducted transportation route like the Brooklyn Bridge. The estimate is based on a comparison of its probable traffic with those of the Manhattan Elevated Road and the Brooklyn Bridge.

Mr. Lindenthal declares that the "legal powers and rights of the company have already been adjudicated in the Supreme Court of the United States, so that the work may not hereafter be interrupted for long periods by injunctions and lawsuits."

CLASS REPRESENTATION. 1. *Recent Political Experiments in the Swiss Democracy.* By L. Wuarin (of Geneva), in *Annals of American Academy* for November.

2. *Social Basis of Proportional Representation.* By J. W. Jenks, in *Annals of American Academy* for November.

Both these articles are inspired by the belief that minority parties, and even erratic factions, should be represented in city, State and national legislatures in proportion to their numbers as parties and factions. They do not seem to think that this preliminary assumption can be doubted, or that it requires argument, but think it sufficient to consider only how it may best be effected. Hence they do not discover what is given up in order to get this representation proportionate to parties. The effect of the system being to secure the election of a definite number of candidates of each party, it follows that whoever gets the "nomination" for office by his own party, is assured of his election. The people cannot vote in a way to defeat him if his class or party convention nominates him. This transfers the effective and final choice from the people at the polls to the party caucuses which make the nominations. In

so doing it abolishes the motive for having parties at all so far as the offices which can be voted for on the proportional system are concerned. If all the offices could be voted for on the proportional system there would be no motive to sustain parties at all, inasmuch as under that system every party is to elect a proportion of the candidates equal to its numbers. No party gains by voting, or loses by not voting, or has anything to fight for, or can in any way oppose or defeat any other party, or vindicate a principle or sustain a policy at the polls. Obviously, the possibility of sustaining parties at all depends upon there being many offices which shall still continue to be voted for on the old majority system. In short, the feasibility of the plan in exceptional instances depends on its being only partially adopted. To adopt it universally would kill the very parties whose continued existence forms its *raison d'être*.

There are a great many things over which the people are not sovereign, and which no array of mere numbers, however massed or multiplied, have any power to solve. These include all issues between truth and error, right and wrong, the wise and the foolish, the possible and the impossible. If the people vote ever so unanimously in favor of a foolish and impracticable policy, the force of its own foolishness will prevent the vote from exerting its effect, just as it will in the case of an impossible resolve by a single individual. Since numbers have no permanent potency, except when conjoined with intelligence, the only real purpose of an appeal to numbers is to arrive at intelligence, and the intelligence alone will win, whether consulted or not, or the numbers will be themselves destroyed by the failure to consult it.

The true study in voting is not how to represent numbers, but how to discover, formulate and give effect to intelligence. If one man knows that the Panama Canal cannot be built by any cost or combination of human effort, he stands for intelligence, and all France, Great Britain and America voting and paying money against him stand for ignorance, and he will singly beat all their votes and all their money. So of all questions of true political wisdom. Hence when one of our writers, Professor Wuarin, asks, "Are not the people sovereign?" we answer, "No; wisdom only is sovereign, not the people, except as they happen to be wise!" And when he says, "Be

assured the remedy for the evils of democracy is to be found in an extension of the democratic principle," we answer "No; in a question between truth and error there is no democratic principle." The only principle is that of intelligence. One man who knows outweighs a million who don't, in his right to be heard and obeyed. To this extent the world is still under the aristocratic principle, viz., the necessity of being governed by the wise and the right, however few in number they may be, with the alternative of being destroyed. Democracy is a success only as it shows itself to be a more skillful mechanism than monarchies and political oligarchies for bringing the really intelligent to the front.

CO-OPERATION. *Co-operation Among Farmers.* By Edward F. Adams, in *The Forum* for November.

Mr. Adams has been manager of the California Fruit Exchange, whose object has been to market the California fruit in a manner to secure the best return to the farmers of that State. He is able, frank and clear. He declares that co-operation opens up no adequate career to competent managers, and that incompetent managers present no reasonable hope of success to co-operation. "In fact, as matters now stand, I think the chances are two to one that if a co-operative leader is capable he is dishonest, and that if he is honest he is incapable. In a blind sort of way farmers feel this, and the great infirmities of human nature—lack of exact knowledge and firm will—make them easy to deceive and then easy to lead."

CURRENCY. *The Currency Problem and Its Solution.* By Abraham Mills, in *The Engineering Magazine* for November.

Mr. Mills so impressed the editor of *The Engineering Magazine* by a brief screed which he furnished to the *Evening Post* on the economic law regulating the movement of gold, that the editor of that magazine asked him to write on the solution of the currency problem. Mr. Mills' valued statement concerning the gold movement was that "great business activity" in a country like ours first causes high prices. High prices compel imports and reduce exports; excess of imports over exports compels a shipment of gold. The export of gold

contracts bank accommodations, prices decline, imports diminish, exports increase, prices fall so low that they again tempt the foreigner, who sends back gold—the crisis is over and business resumes its normal condition.

We need not say that this mistakes a description of phenomena for an ascription of cause. It is like a child's description of a storm: "The sun by its great heat makes clouds. They hide the sun. This cools them and they condense. The winds blow. The trees rock. The rain falls. The clouds go. The sun shines again. Nature resumes her course." Because of the supposed clearness and force of this statement Mr. Mills is asked to suggest how the drain of gold can be stopped. His answer is that we had better pawn a large amount of 3 per cent. bonds in London, and thereby get the privilege of drawing on London for the gold needed to redeem our greenbacks and Sherman notes. This would make Europe believe our currency was good.

Mr. Mills has struck no idea concerning the currency that has any value. His sublime vacuity is sufficiently evident in the assertion that we have made the first step in progress in reducing our tariff. Had there been no reduction of the tariff there would have been no drain of gold and no panic.

The retirement of \$500,000,000 of currency notes, without providing anything to take their place, would produce a worse panic than the sale of every bond held in Europe could produce. If done by placing a block of National Bonds to at least an equal amount in London on pawn, as a means of getting the gold to retire them with, it would simply show to all Europe that we were a nation of incorrigible asses who would vote ourselves to perdition if allowed latitude enough to do it.

Such wild and destructive fancies are proof that it is high time the financiers of the country had mustered courage to bring to the front a practicable plan of substituting a bank note currency redeemable by the banks, which issue it, in gold coin, daily, for our present greenback issues. We have presented such a plan in previous issues of the SOCIAL ECONOMIST. We believe the problem involves a unification of our banking system and probably the placing at its head of a Federal bank.

LABOR. *The Prevailing Scarcity of Skilled Labor.* By A. E. Outerbridge, in *The Engineering Magazine* for November.

Mr. Outerbridge finds that in the midst of the discharges from employment during the panic there was always an increasing scarcity of skilled labor. The large increase of machinery, especially in that of new kinds, such as electric work, bicycle manufacture, iron structures for high buildings, tin-plate making, all call for trained specialists in new lines of skilled work. "Everybody knows that ingenious machinery well nigh destroyed the once intricate trade of the carpenter, so that only the simplest operations remain to utilize manual labor. But the effect of this has been to increase the number of carpenters, not to diminish the demand. The ten years between 1880 and 1890 witnessed the introduction of many highly efficient machines by which hand labor was still further dispensed with; but, nevertheless, there were 140,021 carpenters in this country in 1890 against only 53,547 in 1880, and the average annual earnings in 1890 were \$675 against \$450 in 1880. Machinery for handling clay and molding bricks has made tremendous inroads upon hand labor during recent years; yet from 1880 to 1890 the number of persons employed in brick and tile making increased from 59,032 to 109,151, although the number of establishments increased only from 5,631 to 5,828 in the same period of time. * * * In few industries has the saving of labor by machinery been more marked than in the manufacture of furniture, and the cheapening of the product has been amazing. Yet this industry gave employment to 92,504 persons in 1890, as compared with 55,464 in 1880; and in the same period the average annual earnings of the employees advanced from \$453 to \$527.

The bicycle manufacture has rapidly run up since 1890 to an annual product of 450,000 wheels in 1894, with a prospect of 700,000 in 1895. It is revolutionizing roads, amusements, industries and country life. The horseless vehicle is coming on to intensify this social revolution in a manner to bring city life to country homes and country exercise to city residents.

The manufacture of tin plate has grown so rapidly, notwithstanding adverse tariff tinkering, that "the largest tin plate mills in the world are now located in America, and turning out finer tin plate by automatic machinery than was formerly pro-

duced in Wales by hand manipulation, the machinery being of recent American invention." The daily output of good machine-made watches from one factory in New England is said to exceed the yearly production of the whole world a century ago. Mr. Outerbridge thinks the manifold increased demand for technically skilled labor can no longer be met by the apprentice system and must be met by technical schools.

RAILWAYS. *The General Railroad Situation*, by O. D. Ashley (President Wabash R. R. Co.), in *Forum*, for November.

The writer finds that railways are suffering from over-construction and over-competition, which he attributes to causes peculiar to railways. The case admits of a broader generalization, whereby it would become part in a general condition of alleged over-farming (extending back to 1880), over-trading, over-manufacturing, over-importing, over-ship building (in England), over-coinage of money, (silver) over-issue of debt (extending back to 1860-65), over-immigration, over-lending to Argentine and Australia, &c., &c. It is an incident of every general period of contraction or financial collapse that all kinds of production alike seem to have been overdone. That capital itself has been over-produced is seen in the vast blocks of it that lie idle in the centres of commerce, and the avidity with which it darts toward the feeblest money-making bait, such as the South African and Australian projects.

Mr. Ashley regards the proposition to nationalize railways as repelled at once by the fact that one-half their value consists in a mortgage debt bearing an average rate of 5 per cent., and no government could afford to issue a 3 per cent. bond for the property, subject to such a debt; nor can any exercise of the right of eminent domain cancel the mortgage debt. This is a nut for the socialists to crack.

He believes in permitting the railways to pool their receipts and so give the weaker lines a chance to live, and he would have railway commissioners in each State; and limit future railway construction to necessary lines. But is not such a doctrine itself socialistic? If railway construction is to be limited to necessary lines, why not limit stores to "necessary stores," farms to "necessary farms," and so on, down to lawyers, doctors, preachers and haberdashers.

RELIEF. *Railway Departments for the Relief and Insurance of Employees.* By E. R. Johnson, in *Annals of American Academy* for November.

Professor Johnson traces the work of relief to railway employees as carried on under the auspices of five leading American railway companies, viz., the Baltimore & Ohio, the Pennsylvania Railroad (east of Pittsburg), the Chicago, Burlington & Quincy, the Reading, and the Pennsylvania Company (west of Pittsburg and Erie). In all these companies the membership in the relief department is compulsory on the workmen, and is maintained by assessments on the workmen proportionate to the wages earned. Nevertheless, the receipt of aid from the fund is conditioned on the workman releasing the company itself from any claim the law might give him or his legal representatives to damages for injuries sustained while in the service. If the relief fund arose from a tax imposed on the capital of the companies, we could see in it a consideration for releasing the employing companies from liability to workmen for damages. When, however, the relief fund purports to consist of contributions levied on the workmen in behalf of each other, it is not clear why these sums should be regarded as releasing the employer from any legal liabilities. The economic effect of such a system of relief on the rate of wages is not discussed.

TARIFF LESSON. *Industrial Development of the South.* By Governor W. C. Oates, of Alabama, in *The North American Review* for November.

Governor Oates writes a pathetic history of the suddenness with which Southern manufacturing industries were blasted immediately upon the election of Grover Cleveland and a Democratic Congress, though he omits to connect the effect with its cause except by dates. Speaking for Alabama he says:

"The financial panic which began in the latter part of 1892 and continued through the greater part of the two succeeding years, suspended three-fourths of the great industries of the State, especially in the mineral section. It broke banks and business houses formerly in good repute. Mines and factories which withstood the financial storm ran on short time and reduced wages, which caused strikes among the laborers and

resulted in a further loss of employment. There was general depression in business. The products of toil commanded very low prices. No demand; no price. Those who possessed money had no confidence in any securities or any investments open to them. Values of all kinds of property shrank until it became unsaleable at any price. In the boom towns those who were rich in 1891-2 saw their fortunes wither and dry up. The farmer had plenty to eat, but no money with which to buy luxuries or to pay his debts.

"Strong men, in many cases, begged for employment and could not obtain it. At the poor wife and hungry children want stared and grinned like a gaunt specter which prided itself in tantalizing the unfortunate suffering innocents."

The Governor then depicts the absolute dependence of the South for its future prosperity upon the continued development of its manufacturing industries, iron and steel, cotton, car, car-wheel, and the like, but is blandly silent about the fact that the solid South voted in 1892 for striking down these same industries under the cloak of tariff reform. Had the original Wilson Bill passed in the form in which the President elected by the South desired, there would not be a furnace in blast or a factory running in all of Dixie's Land. Governor Oates' article in form is an advertisement of the South's resources for manufacturing. In its logic it is unwittingly an object-lesson going to show that Southern prosperity depends, as it has depended for fifty years past, on the South being steadily and unfailingly out-voted every time it goes to the polls, whether it goes there, as in 1856, to vote for the free advent of slavery into the national territories; or, as in 1860, for an independent confederacy of slave states; or, as in 1872 to 1888, for an exclusively white suffrage; or, as in 1892, for a free importation of competing foreign goods.

Book Reviews.

STATISTICS AND SOCIOLOGY. By Richmond Mayo-Smith, Ph.D., Professor of Political Economy and Social Science, Columbia College.

We have here a volume representing no little research, scholarly in spirit, and of undoubted service to sociologists, journalists and students generally of social questions. Prof. Mayo-Smith has a genius for this kind of work, and brings now within the reach of every one the results of the great censuses of 1890 and 1891 in our own country, as well as in the United Kingdom, in the European States of Germany, France, Austria, with India added. That this mass of statistical information is not likely to be superseded for a decade at least lends value to the book. The arrangement adopted by the author is one likely to commend itself to the diverse tastes and purposes of those by whom this volume will be read. It enables every one to find that which is of chief interest to him; while, furthermore, its indexes by topics and countries' make it much more usable. The volume will become more or less generally a text-book, for it puts within reach of special students information nowhere else found in this fresh and well-classified form.

Prof. Smith starts out with his own definition of sociology, and thus adds one more to the list of those who undertake to interpret this much and variously defined science. He makes it "the science which treats of social organization," having for its "object of research the laws which underlie the relations of men in society;" and by law he means "the necessary connection which subsists between a phenomenon and the conditions under which that phenomenon exists."

The formulation of sociological laws, then, is simply "the description of the facts of social organization and the way those facts are related to each other." We shall have a philosophy of society or a theory of social progress, which is called sociology, and correctly so, in our judgment, by the conclusions arrived at through the synthesis of all the facts and relations discovered, revealing the goal towards which changes in social organization seem to be leading and the successive steps in the line of progress. By defining social phenomena as facts and relations ex-

isting in human life in society he outlines the field of sociology proper, and differentiates it from a mere branch of biology on the one hand or psychology on the other. It is true that sociologists have added to the difficulty of their object and to the obscurity of their science by lack of discrimination in the facts they have sedulously gathered, no less than by their imperfect classification and oftentimes erroneous interpretation. Our author has aimed to avoid this failing of those who have in these respects been unscientific.

The work of the statistician is thus carefully defined: 1, to gather material; 2, to tabulate and arrange it; 3, to compare one set of statistics with another, in order to discover relations of co-existence, or of cause and effect; 4, to formulate statistical or sociological laws. This at once exalts his service infinitely above the mere collector of data or figures. Moreover, Prof. Smith affirms a most fundamental truth, as we look at the matter. When declaring that the statistician must start with some "working hypothesis," he must set out to prove something, yet be ready to modify or change his hypothesis when his facts require it. This is scholarly, but, more than this, it is the only condition of successful investigation or valuable discovery. The distinctive method he has adopted gives unity to his vast array of facts, and enables his readers to see their bearing and value at once. First is what he terms "the sociological purpose of investigation." It is to throw light on the organization of society that the statistics are gathered, to reveal relations between population and physical and social environment that they are arranged; while their granting is to give information for social guidance. 2. Statistical data are developed in correspondence with the above-named purpose; that necessitates choice of statistics; care in comparison of phenomena. 3. Scientific tests. The author claims that neglect at this point hitherto has resulted in impotent conclusions and much wasted labor. That alone makes statistical investigation valuable—is its method, its classification, its nomenclature. 4. Reflective analysis—this is the determination of whether any laws have been revealed, and if so, what their effect is on the individual and on society. Enough this to give the author's plan, and the arrangement he has made of his ample material. Book I. gives us his data on sex, age and

conjugal condition; on births, on marriages, on deaths, on sickness and mortality. Book II. offers a wide range of statistics on the social condition of the population—e.g., the infirm and dependent, suicide, crime. Here much that is practically valuable is brought out, and facts are placed within reach of those interested in the improvement of society, that are significant and serviceable. Book III. treats of the statistics of race and nationality, of migration. Book IV. presents data relating to environment, both physical and social. In this division of his work a fund of statistical information is put within reach of social students that is reliable, and specially helpful. This volume is to be followed by another intended to cover the statistics of commerce, trade, finance and economic social life generally. On the whole, the book shows painstaking research, and is valuable more for the material it has massed and methodized than for any dogmatic teaching of the author. It is a tool-book, and will prove a valuable contribution to our knowledge of social phenomena.

DELMAR'S HISTORY OF MONETARY SYSTEMS. A record of actual experiments in money made by various States of the ancient and modern world. By Alexander Delmar, M.E. London, Effingham Wilson, 1895. New York, Brentanos; 508 pp. \$5.

No student of the history of money can fail to find his store of information largely and pleasingly enriched by ever so slight a perusal of Mr. Delmar's book. The knowledge of language, institutions, legislation and of the history of commerce displayed in it is vast and apparently critical and accurate. The financial judgments occasionally expressed concerning recent monetary events, such as the demonetization of silver, and concerning certain existing monetary institutions, such as the preference of modern nations for the gold standard, may not be satisfactory to many readers, but they are easily separable from the current of the history, and if they are logically deducible from its historical teachings, it would require closer research than we have been able to give to the work, to detect the chain of deduction. If anything not supplied might have been wished, it would be that some account of the history of credit substitutes for coined money should have accompanied its

history of metallic money, and if no historic evidence exists of any such substitution, then the falsity of the occasional statements to the contrary, such as those concerning the early appearance of "flying money" in China, and of bills of exchange in Mediterranean commerce, should have been clearly brought out. The marked peculiarities and, we may say, original merits of Mr. Delmar's work are:

First.—That he makes clear that the coinage of gold has been from time immemorial the pre-eminent symbol, not merely of civil but of sacred and religious sovereignty, in the supreme sense of that word, especially in India, Persia and Rome; while the coinage of silver has been the privilege of vassal kingdoms and of States paying tribute.

Second.—That the pounds, shillings and pence system of coinage originated, not in England, to which it was brought with other usages which had become established throughout the Roman Empire, but that it is traceable directly back through Rome to Persia, and prevailed, as to the relation of its first two terms, pounds and shillings, in Greece and Egypt.

Third.—That much of the profit of this prerogative of coining gold lay in the fact that it was valued higher in its ratio to silver, say at 12 (Rome) or 13 (Persian) to 1, in the countries exercising this imperial prerogative of coinage, than in those which were beyond the sway of the prerogative, wherein the ratio waned from 1 to 1 in early India, or $6\frac{1}{2}$ to 1 at a later date, and 4 to 1 in Japan. Hence the imperial governments could generally buy the gold of other nations at from half to a third of the value at which they could circulate it when coined throughout their own domains, and in exchange with those countries which set a lower value on the uncoined bullion. This made the prerogative of coinage at once a source of revenue, a part of religion and a symbol of sovereignty. Thus says the author (p. 25):

"Briefly speaking, the monetary system of Persia under its native rulers was almost identical with that of England at the present day. Twelve copper coins went to the silver shekel of about eighty-four grains fine, and twenty shekels to the gold daric, making a ratio between the metals of 13 for 1. The gold coinage was monopolized by the *Shah-in-Shah*, or sovereign pontiff, and the tributes were payable in silver at the weight ratio of 13; the ratio in India at the same time being 6 1-2 for

1. Rawlinson's views on this subject, and those of the authors from whom he quotes at tedious length, are entirely at variance with the facts. Queipo, Mommsen and the numismatists generally are much more reliable authorities."

Fourth.—Perhaps the most prominent doctrine involved in Mr. Delmar's book is that legislation, sacerdotal authority and imperial force have throughout all history had a prominent and sometimes efficacious share in establishing the ratio at which the two metals when coined shall circulate.

At other times, variations in the rate, quantity or cost of production, or the downfall of State authority, have broken down the ratio; in short, that all these means have in past periods vibrated between epochs of efficacy and epochs of inefficacy in giving fixity to the ratio. On this point he says in his introduction:

After many experiments—we are now alluding to the era of Lycurgus—it began to be suspected that the monetary problem was not a mechanical one at all; that, unlike length, weight, capacity, etc., value was not an intrinsic or inalienable attribute of matter, and therefore that it could not be equitably measured by means of any commodity, as a commodity. * * *

"The function of money is to measure value," declared the school of Lycurgus; but neither the Spartan sages nor the great Stagyrte, who in a later age voiced their philosophical maxims, ever registered a definition of value.

"However, not to register a definition of value is not necessarily to be ignorant of its function. Though it has no record in the books of antiquity, it is evident that the nature of value was not unknown; for it is clearly implied in the use of nummular systems. This monetary device and term was employed during some portion of the interval between the tenth and fifth centuries B.C., in the States of Ionia, Byzantium, Sparta and Athens. The device consisted of a limited and publicly known number of counters, belonging to and issued by the State (commonly discs of purposely rotted sheet-iron or of bronze), having no value as pieces of metal, but possessing great and definite value as a public measure. Value or purchasing power was conferred at the outset upon these counters by the law of the State, which gave them the names of coins previously in use; it endowed them with the function of legal tender for the payment

of all debts, claims, purchases and taxes, and it rendered these ordinances effective and permanent by limiting the issue of the counters and protecting them from being counterfeited. In a word, money became a public instrument owned and controlled by the State. * * *

“The success of this device is attested by its longevity; it lasted for centuries. Not that it constituted a perfect measure of value, but the best that had yet been devised. Of the three principal defects which its working disclosed, two were inseparable from all measures, whether of weight, capacity, or value. Depending entirely upon the power of the law, its efficiency necessarily ended with the autonomy of the State. * * *

“The Persian wars and the discovery or practical opening of the silver mines of Laurium, about the fifth century B.C. put an end to these nummular systems.

“The necessities of Athens now foisted upon her “colonies,” and eventually upon all the States of Greece, coinage systems similar to those which they had found it expedient to discard centuries before. To remedy the well-known and ineradicable defects of coins, new devices were adopted. The State sought to prevent sudden variations of the measure of value by monopolizing the fabrication, and especially by limiting the number of coins at issue. Variations in the relative value of the coining metals were attempted to be remedied, at first by coining both metals together (electrum coins) and afterward by reducing the coins of one metal or the other, to limited tender or function.

“Again it went its round of experiment. Again was it noticed that, as a commodity, it was but ill-fitted to measure the intricate and involved series of exchanges which are implied in the financial relations, contracts, speculations, inheritances, and property arrangements of commercial communities. It was also observed that coins, though made of but a single metal failed to retain a more permanent value than that of the metal of which they were composed; and that this value rose and fell with every vicissitude of war, mining, mintage, commerce, and even fashion. Such a means of valuation might have answered well enough for simple and immediate exchanges, but it was clearly unsuited for the determination of future and involved ones, as the sale of growing crops, the rental of houses or farms,

the repayment of loans, or the disposal of incomes by grant or testament. Consequently it was deemed necessary to subject the valuing commodity to further restraints of law.

"The type, design, inscriptions, metal, alloy, weight, size and tale-relations of coins, the charges for coinage, the tax of seigniorage and the degree, kind and territorial extent of the legal tender function of coins had all been regulated by law. Mining for the money metals was now added to these regulations; taxation, State monopolization, etc., being the means employed. The number of slaves permitted to work the mines was regulated. The importation and exportation of the money metals was regulated. The right to strike coins was limited to sacerdotal authority and confined to the temples. The highest resources of art were bestowed upon the designs. Foreign coins were sometimes monetized, at others decried. The individual fabrication, counterfeiting, defacement, melting down or hoarding of coins was prohibited. The use of the money metals in the arts was restricted or forbidden. Because gold and silver are twin metals, which in varying proportions are nearly always found together in the same matrix, and because their production cannot be regulated at man's will, but is subject to great vicissitudes from chance discoveries, military conquest and other causes, their relative value, or ratio, cannot be determined like that of other commodities, but must be regulated empirically. To secure permanency in this ratio it was subjected to sacerdotal authority, and we shall find that, as the result of this regulation, it remained fixed for centuries; so that among the numerous guides to historical research afforded by the attributes of money this is one of the most conspicuous and reliable."

The five first chapters are devoted to the Indian, Persian, Hebrew, Greek and Roman moneys. Then follows a most interesting, subtly argued and convincing chapter on "the sacred character of gold," showing conclusively that no power in Europe or Asia, for more than thirteen centuries, if capable of being reached or punished by Roman power, dared coin gold, but that all such powers began it on the downfall of Rome. The chapter on pounds, shillings and pence is one of the most fascinating and instructive theses to be found in any historical or economic work. Then follow chapters on "Gothic

Moneys," "Moslem Moneys," "Early English Moneys," "Moneys of the Heptarchy," "Systems of Anglo-Norman Moneys," "Early Plantagenet Moneys," "Later Plantagenet Moneys," "Evolution of the Coinage Prerogative," "History of Money in Saxony and Scandinavia," "The Netherlands," "Germany," "The Argentine Confederation" and "Private Coinage," with an appendix *A* on "Statistics of the Ratio," *B* on "Bank Suspensions" and *C* on "Gold Movement of 1865-73" (in all nations), and existing monetary systems. The completeness of the work would be more undeniable if it embraced chapters on the history of money in England since Edward III., in modern France, in Spain and in the United States. In the antiquarian field, however, the English language contains no work on money of so much research as Mr. Delmar's Monetary Systems. The Chicago edition of this work, by Charles H. Kerr & Co., published at \$2, opens with a publishers' advertisement of Mr. Delmar's career, omits the five chapters on Indian, Persian, Hebrew and Greek moneys and the Argentine Confederation, and includes the appendices as chapters.

THE HOUSING OF THE WORKING PEOPLE. Eighth Special Report of the Commissioner of Labor. Prepared by E. R. L. Gould, Ph.D., under direction of Carroll D. Wright, Commissioner of Labor.

Here is a volume both timely and full of the most valuable information. The Renaissance of interest in the housing of the working people is a harbinger of good. It shows that we are beginning to deal with some of our civic problems in a direct and sensible fashion. The first thing needed, of course, is full data as to the condition, number and location of the tenements, wherein the bulk of every city's population is forced to live. The *laissez-faire* doctrine which has prevailed in the past is responsible for a state of things against which there has been of late a popular uprising. That sort of heartless economics, which seemingly admits no ethical considerations, has had its day, and now we are inquiring how the people are housed; what our wage-earners have to pay in the way of rent, and what should, and can be, done to better their condition.

In this volume, which is really a thesaurus of information, we have what all who are interested in "the tenement-house

question" require, viz., an admirable summary of the sanitary laws in New York City, in England, and some of the continental countries. The progress made of late years in the direction of the inspection, regulation and improvement of tenements is most marked. As to expropriation for sanitary purposes, England has furnished the world with a method of procedure worthy of imitation. "The Housing of the Working Classes Act of 1890" allowed the immediate abatement of nuisances, the demolition of buildings unfit for human habitation, the compensation to owners covering simply the value of the land materials, and at the same time providing for the rehousing in the neighborhood of expropriated sites. It was primarily a sanitary act, though it has resulted in permission to municipalities to build and operate improved tenements, and has stimulated the housing of people by private corporations. British cities have in consequence greatly improved their sanitary conditions, transformed their worst slums and lowered their death rate. How Sanitary Aid Societies can help the local authorities is pointed out. The service of the New York Sanitary Aid Society illustrates the field and utility publicly of such agencies.

A vast array of data has been gathered in reference to building regulations. How to guard against overcrowding, plans for tenements, their sanitary arrangements, etc., make a most important chapter, and place within available reach the experiments and experiences of great cities. The Belgian law "to encourage the construction and letting of salubrious dwellings for the working people, their sale for cash or for annual payments," etc., is deserving of study, for it is notable for its wise provisions and practically beneficent results. This volume will prove a hand-book to guide companies, civic communities and philanthropic individuals intent on providing model tenements and replacing the rookeries which so long have been the enforced abodes of the poor, with wholesome homes. It will be also a most gratifying piece of information to be told that these "model tenements" can be made to pay, and are therefore commercially safe investments. Bad housing, we are beginning to find out, is a terribly expensive thing to any community, and therefore the English experiments in the construction and supervision of improved tenements is of moment to those

engaged in studying this problem in our own municipalities. This report is a contribution to practical sociology, at once timely and in the line of one of the most urgent inquiries of the day. It furnishes data collected from a wide field, and points out what can and ought to be done in every city. Every student of the tenement-house problem, every friend of the wage earner, every citizen eager to see his municipality wholesomer and happier should become familiar with this report. It is the most important and valuable issue from the office of the Commissioner of Labor.

WAGES. *Comparison of the Rates of Increase of Wages in the United States and in Great Britain, 1860-1891.* By A. L. Bowley, in *The Economic Journal*.

The patriotic aim of this article seems to be to comfort John Bull with the consolation that, though rates of wages were very much higher from 1860 to 1891 in the United States than in Great Britain, yet the rate of increase between the two periods was about 60 per cent. in the United States and about 70 per cent. in Great Britain. The force of such a demonstration in percentages is best made apparent by considering that if a Society Islander's labor rises from 1 cent a day to 2 cents, this is an advance of 100 per cent., whereas if a diamond cutter's wages rise from \$5 per day to \$6 per day, the rise is only 20 per cent. The amount of the wage may be 500 times greater, and the amount of the rise may be 100 times greater in a case of a 20 per cent. than of a 100 per cent. increase.

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